

EVENING SITTING
ADJOURNED DEBATES
SECOND READINGS

Bill No. 61

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

Mr. Prebble: — Thank you, Mr. Speaker. Mr. Deputy Speaker, I was mentioning before supper that there are a number of ways in which the revenue that this tax is generating could have been raised in alternative ways that would have had much less of a negative impact upon taxpayers in the province of Saskatchewan. And I was pointing out before supper, Mr. Deputy Speaker, that one of my greatest concerns is the revenue that this government has forfeited from not levying the royalties it ought to have levied in the resource industry, and particularly in the oil industry in Saskatchewan.

And I was making reference to a news-letter prepared by *Sask Trends Monitor* that pointed out . . . And I want to cite here, Mr. Deputy Speaker, one of the references in the April 1990 news-letter that I didn't quote from before supper.

Sask Trends Monitor says, and I quote:

Even with the declining (oil) prices, had the royalty and taxation levels remained at their earlier levels, the current provincial debt of \$4 billion would simply not exist.

In other words, Mr. Speaker, this research organization has reached the conclusion that the revenues that the government has chosen to consciously, as a matter of policy, forgo from oil alone, over the last decade, account for some \$4 billion in revenue. And that had those oil revenues — those oil royalties — been collected on behalf of the people of Saskatchewan, we would have virtually no provincial debt in this province today.

Now, Mr. Deputy Speaker, I think that that illustrates perhaps more clearly than any other revenue option the fact that the government did have choices here. The government could have increased its royalty levels on oil and raised the money that it needed for provincial finances there instead of levying this massive new tax increase upon individual taxpayers in the province of Saskatchewan.

So, Mr. Deputy Speaker, the government had at least three alternative options. First of all it could have . . .

An Hon. Member: — Come in for the kill, Peter.

Mr. Prebble: — The member for Meadow Lake says, come in for the kill. Mr. Deputy Speaker, it is he who has been killing taxpayers in Saskatchewan since April 1. And

it is he, Mr. Deputy Speaker, who comes before this Assembly and begins levying this massive new tax increase without even bringing down a budget first, Mr. Deputy Speaker. It is he who introduces this new tax without even having the legal authority to do it. It is he who chooses to levy fines against businesses who won't collect this tax — again without the legal authority to do it. And we on this side of the Assembly have been asking what right does he have to kill Saskatchewan business in this way, Mr. Deputy Speaker. We say he has no right to do it.

And, Mr. Deputy Speaker, as I said, the government had at least three choices. The government could have levied a fair . . . could have asked the corporate sector in this province to pay their fair share of income tax. It could have asked a lot of the larger companies like Saskoil, Mr. Deputy Speaker, to be coughing up some of the deferred taxes that they owe to the provincial and federal treasuries, but it didn't choose to do that.

Mr. Deputy Speaker, the government had a second choice. It could have chosen to eliminate its waste and its patronage, and it again opted not to do that.

And then it had a third choice, Mr. Deputy Speaker. It could have chosen to levy a fair royalty on the resource industries and particularly the oil industry in this province. And once again it chose not to do that, Mr. Deputy Speaker. So it had at least three other options other than the levying of this provincial GST (goods and services tax). And instead it chose to take yet another major bite out of the Saskatchewan taxpayer.

Now, Mr. Deputy Speaker, before I sit down I want to comment on one other major impact of this tax, and that is the impact that it is having and is going to have on the business community in the province of Saskatchewan. Because, Mr. Deputy Speaker, we believe that this tax is crippling the Saskatchewan economy. We believe that it is making the Saskatchewan recession ever deeper. The economy is being driven into recession by this tax. You only need to walk into the average restaurant in Saskatoon or Regina to see the devastating effect that this tax has had on the restaurant industry throughout the province.

Mr. Deputy Speaker, already in the last five years we have a situation in this province in which 80,000 more people have left Saskatchewan than have entered the province. And what this tax is going to do, Mr. Deputy Speaker, is hasten the out-migration more than ever. More than ever people are going to be aware of the fact that in Saskatchewan taxes are heavier and more burdensome than they are now in any other province in western Canada. And they are going to be leaving Saskatchewan to escape this tax burden, Mr. Deputy Speaker, and the provincial GST is simply going to accelerate that process.

Mr. Deputy Speaker, I notice that the Saskatchewan Business Coalition held a news conference a couple of weeks ago, led by a number of people in the clothing industry, in the restaurant industry, and a variety of other small businesses in the province of Saskatchewan. Many of the business operators openly identified themselves as

traditional Progressive Conservative supporters, but they indicated that they could not possibly accept this provincial GST being rammed down their throats by this increasingly unpopular PC (Progressive Conservative) government.

And I want to quote from the news release that they issued some 12 days ago. They said, and I quote:

This huge new tax (referring to the provincial GST) is very detrimental . . . especially at this time, because it takes hundreds of millions of dollars of disposable income out of the pockets of consumers. Less disposable income for low and middle income families means they will have less to spend at local businesses. Lower sales at local businesses will mean lower profits and lost jobs. The consequences of this . . . new tax are widespread and severe.

Mr. Deputy Speaker, even the PC government's traditional base of support in the business community is rejecting this tax. And I say to the government opposite, why don't you listen to people in the business community and respect the fact that their very survival in some cases is at stake if this tax is not withdrawn. Heed their message and withdraw this tax before it's too late.

Some Hon. Members: Hear, hear!

Mr. Prebble: — Mr. Deputy Speaker, this 7 per cent provincial GST is literally destroying many small family businesses in the province of Saskatchewan. And it is forcing more and more of our retail sales dollars across the border, whether it be into the United States or into Alberta or even into Manitoba, Mr. Deputy Speaker, because the reality has been that since the new federal GST and then the new provincial . . .

The Deputy Speaker: — Order, order, please. Order, please. One of the rights of the Assembly, I believe, is the right to speak. And another right of the Assembly is the right to be heard. And I would appreciate being able to hear, and I think there's a couple of people that are having meetings across both sides of the Assembly. If they could take that meeting outside, we'd be able to continue listening to the remarks of the member from Saskatoon University.

Mr. Prebble: — Thank you very much. Mr. Deputy Speaker, I am very concerned about the fact that we have seen an alarming increase in cross-border shopping since the implementation of the provincial GST. And we have daily reports from border communities like Estevan, Saskatchewan where some 800 cars a day are crossing at the border station south of that community. And many of those people are going to shop across the border because the provincial GST is not levied on goods and services that they can buy in the United States, Mr. Deputy Speaker. And the tax burden has become so severe that they are in effect forced to go outside their community to make a lot of their basic purchases because of the money they can save.

Mr. Deputy Speaker, it should be obvious when people are flocking across the borders in these large numbers that

in effect the Government of Saskatchewan is forgoing retail sales in this province and is losing jobs as a result of those lost retail sales. And, Mr. Deputy Speaker, that is one of the reasons why the business community in this province, and particularly in border towns and cities, cannot afford this tax.

This tax, Mr. Deputy Speaker, this new tax is going to sap the competitiveness of our local industries who must compete against industries in other provinces like Alberta where there is no 7 per cent provincial GST. And this puts Saskatchewan business at a very unfair disadvantage because the tax is being levied in this province, but it is not being levied in either Manitoba or Alberta. They will have no provincial GST, Mr. Deputy Speaker, and that puts Saskatchewan business men at a very unfair disadvantage. And inevitably, as a result of losing that competitive edge, opportunities for new job creation that might come to Saskatchewan will end up going to other western provinces instead.

Mr. Deputy Speaker, as I indicated earlier, this tax is going to hurt our publishing industry in Saskatchewan. And that is a very important small business opportunity that is growing in this province, and that was growing until this tax was levied. And the tax on reading is inevitably going to make life much more difficult for the publishing industry. Some of our publishing houses may close as a result of the 7 per cent provincial GST.

Mr. Deputy Speaker, this new 7 per cent tax is going to hurt our tourist industry. It is going to make it less attractive for tourists to come into the province of Saskatchewan and spend as much time here as they would have otherwise, when if they travel in any other western province they will not be levied with the kind of consumer tax burden that they'll be forced to pay in the province of Saskatchewan.

Now, Mr. Deputy Speaker, I note with some concern the remarks that have been made by the Saskatchewan section of the Alliance of Canadian Travel Associations. They've analysed the new provincial GST and they've analysed its impact on the tourism and travel sector in the province of Saskatchewan. And they have this to say, and I want to cite from their submission. They said last month, sir, and I quote:

. . . that "tourism . . . will suffer greatly as a result of the P.S.T.", and that "the end result would be lost jobs, and ultimately lost revenue for the (people) . . . of Saskatchewan."

The association concludes, and I quote:

. . . "the application of the Provincial Sales Tax in the travel industry would be detrimental to that sector of the Saskatchewan economy to the point of being counter-productive.

Mr. Deputy Speaker, I think it is clear that this industry feels that it is going to be hurt by the new tax. It's concerned about what a tax on basic tourism services will mean — things like the taxing of boat rentals, for instance. And additional taxation throughout the hospitality industry is going to hurt that sector of the economy very

severely and it's another reason why this tax ought to be withdrawn.

Mr. Deputy Speaker, the housing industry has expressed concern about this tax. The new provincial GST will be imposed on all housing construction, renovation, and repair services. This sector, I might add, has already been in a major slump over the last two or three years. New housing starts in Saskatchewan are at a record low. If you look at the pattern of new housing starts over the last decade, we're in an all-time slump. And all that this new tax is going to do is make that recession in the housing industry even more severe, not only because the tax is being levied on new housing construction and on home renovation, but also because the general effect of the tax in the Saskatchewan economy is to leave the average Saskatchewan family with significantly reduced disposable income. Meaning that the capacity of that family to purchase a house and to save money for purchasing a house is going to be correspondingly reduced, with the result, Mr. Deputy Speaker, with the result that the housing slump that we're witnessing now will continue to become more severe.

(1915)

Now, Mr. Deputy Speaker, I want to mention one other serious shortcoming of this tax as it relates to the general economy. I pointed out that it's going to mean reduced retail sales. I pointed out that it's going to mean a loss of jobs.

Mr. Deputy Speaker, in addition to that, this tax will inevitably fuel inflation in Saskatchewan. And I note with a lot of concern that the statistics are now out for the month of April and they show that Saskatchewan's inflation rate for the month of April, since the new provincial GST took effect, is the highest in the country, Mr. Deputy Speaker. We have an inflation rate in this province for the month of April alone, of 1.4 per cent in Saskatoon and 1.3 per cent in Regina. And that compares, Mr. Deputy Speaker, with a national inflation rate in the cities across Canada for the month of April of zero per cent. So I think it is clear that this is a tax that is going to fuel inflation.

Mr. Deputy Speaker, this is also a tax that is going to hurt voluntary organizations. And I want to throw out to the Minister of Finance who continues to endlessly heckle me, Mr. Deputy Speaker, that charitable organizations are going to be hurt by this tax. They will have to pay the 7 per cent provincial GST on the goods and services they purchase to carry out their activities. And that will obviously make these non-profit organizations who have to work hard to raise the money that they operate off of on a year-by-year basis, all of which is collected through donations, it will make their year-to-year operations even more difficult to finance because they'll be paying a tax on goods and services that they purchased at an unprecedented rate, Mr. Deputy Speaker.

Now I want to comment on two things in closing. First, Mr. Deputy Speaker, I want to comment on the fact that the planning for this tax has been a disaster. And secondly, I want to comment on the question that the Minister of Finance has been shouting from his seat

endlessly since I began speaking this evening about what's our plan, what's our plan. And I want to answer his question on that before I sit down.

But first of all, let me say a word about the planning of this tax for which the Minister of Finance has to bear a primary responsibility, Mr. Deputy Speaker. It is truly unbelievable that we witnessed the introduction of this tax without any formal studies, when the tax was first levied, on what its impact would be. The Government of Saskatchewan, despite constant questioning on this matter, was unable to release a study, and after weeks of questioning had to rapidly prepare one which was conjured up for the occasion more than six weeks after the tax had already been collected.

Secondly, Mr. Deputy Speaker, the method for introducing the tax in this province, in our judgement, is clearly illegal. This is a tax, Mr. Deputy Speaker, that was introduced prior to a provincial budget being brought down, with no authorization in a budget prior to the time it began to be collected, and it was a tax, Mr. Deputy Speaker, that was levied without any legislative authority by the government to levy it. At least when the federal Tories levied the burdensome federal GST, they at least waited until the tax law was through the Assembly . . . through the House of Commons and through the Senate in Ottawa before they began to collect it.

This government didn't even have the decency to bring the tax Bill before the Assembly before it began to levy the provincial GST among all Saskatchewan residents. So, Mr. Deputy Speaker, what we witnessed, unbelievably, was a tax that was announced by press release in February of this year.

Now it is also interesting to note, Mr. Deputy Speaker, that fines on this tax are being levied by the Minister of Finance on those who refuse to collect it, again without the tax law having been passed by the legislature, and at this point, without the Minister of Finance having the legislative authority to levy such fines.

This, I think, points to a very dictatorial attitude on the part of the government with respect to the handling of this tax. So, Mr. Deputy Speaker, we see an approach to tax collection that is probably illegal. And equally important, we see an approach to tax collection that I think is unethical in the sense that the government's mandate in all moral terms has long since expired. And yet the government introduces such a tax in its dying days of office.

Now, Mr. Deputy Speaker, the Minister of Finance has been shouting from his seat: what's our plan, what's our plan? And so I want to conclude my remarks tonight by telling him and the people of Saskatchewan exactly what our plan is.

Mr. Deputy Speaker, the first element in our plan is to . . .

An Hon. Member: — Open the books.

Mr. Prebble: — The member from Prince Albert says the first step in our plan is to open the books. Well, Mr. Deputy Speaker, I want to say we have even one step

before that. Mr. Deputy Speaker, our first plan when we are elected to office is to repeal the 7 per cent provincial GST. That's the first step in our plan, because we have no doubt about the fact that this tax is driving Saskatchewan's economy into a recession. This tax means lost jobs. It means lost opportunities for our young people. It means lost retail sales to other parts of western Canada and the United States, Mr. Deputy Speaker. So our first step will be to repeal this tax.

Mr. Deputy Speaker, our second step will be to open the books and to have an independent audit done in the province of Saskatchewan so that we can accurately assess the true extent of the provincial debt and the true extent of the waste and mismanagement that this government has imposed upon the people of Saskatchewan.

And our third step, sir, I say to the Minister of Finance, our third step will be to go with a fine-tooth comb throughout every one of your departments and to weed out the waste, sir — to weed out the waste. And it is there by the tens of millions of dollars.

And I say to the Minister of Finance, the money you're spending on Corporate Strategy Group for image consulting — that's gone. Most of the money that you're spending on government advertising, almost \$2 million a month, a large part of that will be gone. The money, I say, that you're spending, \$500,000 a year on cabinet travel, that'll be cut in half, Mr. Minister of Finance. The money that you're spending on GigaText, it'll be gone; it won't be wasted any more.

I say to the Minister of Finance that the money that you're spending on empty lease office space . . . You're building new space here in Regina while you decentralize your government operations around the province. Well I say that that empty lease space, those leases, Mr. Minister of Finance, those leases will be terminated with friends of your party. This government is not going to continue leasing empty lease office space from friends of the government opposite.

I say to the Minister of Finance, there are millions of dollars to be saved there and he knows it. I say to the Minister of Finance, the money that you're spending every month to keep Graham Taylor and to keep Bob Andrew going in the little trade offices that you created for them, well those arrangements are going to be terminated if we can terminate them, Mr. Minister of Finance. No more patronage to PC hacks I say to you, and there'll be significant savings there.

I say to the Minister of Finance when he says what's our plan, I say to the Minister of Finance that we will look at the resource industry in this province and we will ask the resource sector to pay its fair share just like individual taxpayers in this province are paying their fair share, Mr. Speaker — I would say more than their fair share in this province.

I say to the Minister of Finance when he says what's our plan, I say to him that we will look at the income tax, the lack of income tax that is being paid by your corporate friends, and we will see what can be done to levy a fair tax

from companies like Saskoil and WESTBRIDGE Computer Corporation who under your government pay not a single penny in income tax. That's our plan, Mr. Deputy Speaker.

Our plan, Mr. Deputy Speaker, is to work to build, to rebuild the Saskatchewan economy. To rebuild the Saskatchewan economy by working with our small-business sector in this province and our co-op sector and the public sector again to re-establish a mixed economy in this province, Mr. Deputy Speaker. A mixed economy in which co-ops and small, private Saskatchewan business and the Saskatchewan government will work hand in hand with assistance to our local business operators, our local, small Saskatchewan business people.

And no more grants and no more give-aways to Cargill and to Weyerhaeuser and to Peter Pocklington in the province of Saskatchewan. If there is any assistance being given to business, it's going to be to small Saskatchewan business in the province of Saskatchewan. That's our plan, Mr. Deputy Speaker. Our plan, Mr. Deputy Speaker, is to concentrate on creating jobs through working together with local business and not with the Cargills of the world. That's our plan.

Now I say to the Minister of Finance that he may not like that plan but we have a plan on this side of the Assembly. And, Mr. Deputy Speaker, I believe that when an election is called, that the people of Saskatchewan, as indicated by the poll tonight that CKCK television released, that the people of Saskatchewan will reject the PC plan opposite, will reject their huge tax grab, and will vote for the plan offered by the New Democratic Party. Thank you very much.

Some Hon. Members: Hear, hear!

Mr. Gleim: — Thank you, Mr. Deputy Speaker. It gives me great pleasure this evening to speak on Bill 61, in favour of Bill 61, and against the amendment. Why, Mr. Speaker? Well Bill 61 was brought in for many reasons. One of the reasons Bill 61 was brought in, probably one of the biggest reasons, Mr. Deputy Speaker, is to balance the budget.

One of the other reasons, Mr. Speaker, is the farm programs. Without bringing this Bill in, Mr. Speaker, farm programs would have to be paid for, cut-backs would have to be from somewhere else to help off-set and pay for these programs. These programs are out in rural Saskatchewan, and I do believe in urban Saskatchewan, as much as the people across the way would try to tell us that it's not popular. It is going to be the saviour of rural Saskatchewan. It's not going to be easy but when you take a look at it, down in my area alone, it's over 95 per cent of the producers have participated in the GRIP (gross revenue insurance plan) program.

The opposition says, we don't need this Bill for this program. They may be right, but where is the money going to come from, Deputy Speaker? That is the part that the people keep asking, where is the money going to come from? Well they keep saying waste management, waste management. We'll get the money from the waste

and the mismanagement. Well, Mr. Speaker, there's only so much money comes, and there's only so many times you can spend a dollar.

I guess maybe what you'd call waste and mismanagement . . . My waste and mismanagement views are a little different than theirs. I have felt that waste and mismanagement, Mr. Speaker, was when they bought, didn't build. They bought our farm land, Mr. Speaker. They bought potash mines; they bought oil wells — something that was there, didn't create any new jobs, Mr. Speaker.

(1930)

That was something that was owned, already owned and well looked after — well. I would say the business people owned it, and those are the people that should have owned it and kept operating it.

The opposition keeps saying, this is the biggest tax grab ever. I have to say to you, Mr. Deputy Speaker, that memory is pretty short. One of the big tax grabs were . . . and maybe some of them can't think back that far or don't remember. In the 11 years that they were in power, from 1971 to 1982, income tax went from 34 per cent to 58 per cent. I don't know what you call that, how many dollars that generated, but just figure out what the percentage of that was, Mr. Speaker. I call that a big tax grab.

They keep saying, \$440 million you're taking from the people. What are you doing with the \$440 million? We're giving it away to families, Mr. Speaker, families. And it tells you right in here in this book the rebates that are coming up for families, the lower income families, Mr. Speaker, plus to small business, Mr. Speaker. That's where the \$440 million comes, Mr. Speaker.

There's rebates to the small-business people, Mr. Speaker, the first time ever, Mr. Speaker. And the first time low income families have had a rebate on for their families. And the difference there is, Mr. Speaker, the difference there is, Mr. Speaker, it's how you talk about it, Mr. Speaker.

They say we are taxing low income-tax families, Mr. Speaker. There's over \$35 million worth of refundable sales tax credit moves back in the provincial lower for income families resulting from the broadening of the sales tax base to that of the GST, Mr. Speaker. That's where the money is going, Mr. Speaker.

We talk about waste and mismanagement again. All these dollars are coming from waste and mismanagement. I have a release here by the Leader of the Opposition which says they're going to . . . through waste and mismanagement they can . . . they know where there's over \$100 million. Well, Mr. Deputy Speaker, this here letter is from Saskatchewan Graphic Arts Industries Ltd., Mr. Speaker, and it's a statement made by the opposition across the way. I wanted to read this to you, Mr. Speaker:

Roy Romanow's statements at his recent conference held in Saskatoon have created quite a stir in the Saskatchewan printing industry. The statement that deeply concerns us is the following:

In this context, (this is by the opposition leader) even before we get an opportunity to 'open the books' of the current government, we have identified more than \$100 million a year in government waste and mismanagement which could be cut.

(And he goes on) For example, an 80 percent cut in government advertising would save \$17.6 million a year. A 66 per cent cut in government printing would save another \$24.6 million a year. A 33 per cent cut in government travel would save taxpayers \$17 million a year. Even a 25 per cent cut in leased office space would save the taxpayers \$17.7 million a year."

You add all that up it only comes to \$76.8 million a year, so I don't know where the miscalculation comes from. But as he carries on here:

A 66% cut in government printing would put current spending at around \$37,500,000. The entire printing budget for 1990-91 according to Saskatchewan Property Management Corporation, is only \$13.2 million. We would like . . . (to make you aware, it says) of the fact that his entire savings is double what is being spent!

How can you save twice as much as you spent? This is what these people would like to know. And it says:

It is interesting to note that total print procurement for all of Western Canada . . . is around \$60 million.

What is very interesting is — this is from the association — they say:

If the current bare-bone budget of 13.2 million would be slashed to an unrealistic \$4.49 million we would have a disaster in our industry. Somehow, I have a feeling that someone did not do his homework very well.

And that feeling is not only with him, Mr. Speaker. When you start calculating, it's like the 7.5 and the .75 calculations are way out.

And it also adds that:

Mr. Romanow's cut would mean the possible demise of those firms.

Our association (this is still in the letter) which is made up of small business supports harmonization. It would help to make us more competitive against other printers in Canada, the United States, Europe, Australia and the Far Eastern Countries. (So it says) Please do not back down from the harmonization program that you implemented.

Thank you for your kind consideration. Martin Zip, President.

Some more of the places where he wanted to get that \$100 million from . . . this comes from Saskatchewan Weekly Newspapers Association, from the president and the directors, Mr. Speaker. It's right here.

A sizeable portion of this \$17.6 million that reportedly would be saved is much needed revenue that is going directly into . . . smaller centres to keep very important elements of those communities — their weekly newspaper and local radio station — alive. In the case of our industry I would estimate that there are some 500 people employed which is obviously a large industry that is still based in small town Saskatchewan.

And it goes on to say that some weekly provincial government advertising can count for as high as 30 per cent of some of our smaller newspapers, for their revenue. To cut that by 80 per cent would be devastating.

"So what's the loss?" some might ask. It's a question that properly should be asked of the residents of the community that the newspaper has served.

This all comes from the Saskatchewan Weekly Newspapers Association president, Bill Johnston.

Then we go on a little further, as a news release that was released by the member from Regina, sitting right along side of the opposition leader — I can't say his name. But he keeps saying . . . (inaudible interjection) . . . The one formerly from Humboldt. He says instead of making such statements as we have been accused of being made, we should check some of the weekly newspapers about the impact of federal-provincial GST on their subscription rates and numbers. We should check with them. Well you just go back here and the statement that's come from the weekly newspapers said don't go the other direction; go on with the harmonization.

One of the other ones that were supposed to be against this is called the Saskatchewan Association of Broadcasters, Mr. Speaker. This is a letter to Mr. . . . the opposition leader, Mr. Speaker.

In a statement given by you in Saskatoon on May 21, 1991, you talk about an eighty per cent cut in government advertising saving \$17.6 million dollars a year. As President of the Saskatchewan Association of Broadcasters, I voice serious concerns about this sort of attitude towards advertising dollars, particularly those spent within the province of Saskatchewan. Our broadcasting community is a fragile one, and many of our members are actually losing money. Government spending on advertising not only fills a need by various government departments, it also goes directly to help support an industry that is in financial crisis.

A significant loss in advertising dollars to the private broadcasters would have to mean reduced employment in the broadcasting industry. A \$17.6 million dollar saving in a \$4.8 billion dollar

budget is only about one third of one per cent. Surely much more significant savings need to be found.

The broadcasting industry also provides vital links between government, politicians and communities they serve. A healthy broadcast industry provides healthy communications, which is so important in our society today. I would ask you to please reconsider this particular area when looking at government savings. This is not government waste, but government spending that make good sense.

This comes from Rick Friesen, president of the association of broadcasters, Mr. Speaker.

My point is, Mr. Speaker, is here we are trying to prop up rural Saskatchewan, and there's somebody coming along behind us trying to chop it down, Mr. Speaker. Where else is there a cheaper way of letting the people out there know what the programs are, Mr. Speaker?

Mr. Speaker, the member across the way says we should spend more. The critic for Social Services said we should spend another \$1.2 billion on Social Services — Ontario style, one of my colleagues said, Ontario style. If that's the way you want it, go out and tell the people this, that this is what you're wanting to do. Tell the people where you are going to get the money, Mr. Speaker.

The people out there want to know where this money comes from. They want to have a plan. We just heard a plan over there; it didn't say anything, Mr. Speaker. They talk about their plan. They want to debate the Bill before they announce their plan. Well, Mr. Speaker, they did come up with what they call a plan a couple of weeks ago. That plan was . . . the only thing that come out is a strong message on that . . . was moratoriums on farm land — moratoriums on farm land, Mr. Speaker. That was one of the strong points that come out. They said, we don't think it's going to work, but we'll do it anyway.

They talk about the people out there want us to withdraw this Bill, Mr. Speaker. They talk about their petitions, Mr. Speaker. As of last Friday, Mr. Speaker, there was only 20,200 . . .

The Deputy Speaker: — Order. Order, please. Order. We ruled on this a few minutes ago and I would ask members, particularly the member from Lakeview and the member from Assiniboia-Gravelbourg and the member from Weyburn, if they have another debate that has to take place at this time, could they kindly do it outside the Assembly.

Mr. Gleim: — Thank you very much, Mr. Speaker. I appreciate that.

As I said before, Mr. Speaker, they talked about the people out there wanting us to withdraw this Bill. They talk about the hundred thousand names on petitions, Mr. Speaker. As of last Friday, that was tabled in this House here, there was 20,230 petitions tabled in this House as of last Friday. That is why I say you are misleading the public out there. You are misleading the people and you should

not get away with it, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Gleim: — Yes, that isn't counting everybody. And that is not counting the imports from the United States like Elmer Fudd and those people . . .

An Hon. Member: — What about Bugs Bunny?

(1945)

Mr. Gleim: — Well we run across his name too. Mr. Speaker, I think it should be against the rules of the House to mislead people. And that's the reason I have quoted this and why I've read from these letters, Mr. Speaker.

Mr. Speaker, the reason this Bill is here in this House, Bill 61, Mr. Speaker, is for here . . . it's not that everybody likes taxes, because nobody likes taxes. But if you want to pay the bills, Mr. Speaker, and you want something in this hand here, you've got to put something out on this hand here, Mr. Speaker.

They talk about how it's going to hurt business, Mr. Speaker. The resource companies are saying, if you're going to do anything, harmonize, Mr. Speaker — agricultural, resource sector which is mining, gas, and oil.

They talk about waste and mismanagement, Mr. Speaker. I just want to get back to that again because they keep using this line of waste and mismanagement. I have to compare it to buying and to building. When I say we are putting this to a good use, that we are going to build and we're going to prop up rural Saskatchewan, Mr. Speaker, I know it's put to good use. When we talk about building water projects, when we talk about building fertilizer plants, which they're against . . .

An Hon. Member: — Well you're spreading enough of it tonight.

Mr. Gleim: — That's fine. You just keep listening because fertilizer does something for a lot of things. And I know you people don't understand it over there. With the GRIP and the NISA (net income stabilization account) program, Mr. Speaker . . . and we're building; this is what we're calling propping up rural Saskatchewan.

When the members over there laugh when we talk about this, there's maybe only two of them over there that I know of — maybe there's only one — maybe that if . . . I'm sure that the member from Elphinstone does, but there's none of the rest of them over there know what I'm even talking about when I talk about GRIP. They don't even know what . . . they're just against it.

An Hon. Member: — Get a grip on it.

Mr. Gleim: — Yes maybe we'll do. Maybe we'll use it, but maybe we'll change it. Change what? You don't even know what's in it, Mr. Speaker.

An Hon. Member: — In what? In what?

Mr. Gleim: — In what, the member from Elphinstone

says. I just gave you a compliment, Mr. Speaker.

An Hon. Member: — You gave him too much credit.

Mr. Gleim: — That's right. Maybe I gave you too much credit. But no, you are the only one that knows how to fill out a GRIP program paper out there; that's right. But there's 25 other ones over there that don't, Mr. Speaker, and that shows that they are against rural Saskatchewan.

I want to say just a little bit about decentralization. I want to say a little bit about decentralization — what it's going to do for rural Saskatchewan, Mr. Speaker. I remember . . . I have to just go back a few years. I remember working for the government for eleven and a half years. When they centralized Saskatchewan . . .

An Hon. Member: — I think we hired you, didn't we?

Mr. Gleim: — I was there a part of it. No I was there before you were part of any part of government, thank gosh. They come out . . .

The Deputy Speaker: — Order, order please. I'm going to rule on this one last time. Order please.

I'm going to ask that members on both sides of the House allow the member that has the floor the opportunity to make his remarks. One more outburst of having different conversations and meetings across both sides of the floor, hollering back and forth, and not giving the member that has the floor the opportunity to speak, you can leave the Assembly for the evening. I hope it's understood. I recognize the member from Shaunavon.

Mr. Gleim: — Thank you very much, Deputy Speaker. I just wanted to finish what I started talking about — thank you very much — about centralization. It was that government of the day across the way when they come to us and said, we are going to centralize; we are going to move everything into Regina and Saskatoon. It was accepted; you didn't have any choice. But it was accepted. And I have to agree with it — it was not a bad move at that time. But nobody actually thought what it was going to do in the future.

And that's the same as the today. You take a poll out there right now, you talk to all the people, not just a few of the people, Mr. Speaker. The grass roots of those people that are working here in Regina are from rural Saskatchewan. Most of them, Mr. Speaker, I'm sure, would like to raise their families out in rural Saskatchewan. There's nothing wrong with Regina, but it is a different setting out in rural Saskatchewan. And I feel proud that I've raised my family out in rural Saskatchewan, and I think most of the people here would probably feel the same, especially the ones that grew up in rural Saskatchewan and had to move into the cities.

I just wanted to make a couple of more quotes. Go back to . . . about the harmonization, because this will lead to something else. It says, the Leader of the Opposition, quote in the *Star-Phoenix*, he said:

. . . he recognizes the loss of business tax rebates under the PST will hurt and promised to find some

other way to help business.

Promised to find some other way, like you he know which way. And he quotes:

Dale Botting and Doug Elliot . . . were cited Tuesday by Romanow as experts who endorse his party's analysis of the PST. However they say: the NDP ignored several important questions. For example:

Revenue from tax will be used to pay for farm safety net programs which will boost economic activity the NDP chose not to assess.

But what was really said after that:

In spite of Romanow's claims, Elliot says he supports harmonization . . . and Botting also supports harmonization.

So, Mr. Speaker, a surprise opponent to Romanow's proposition was Dale Botting; Botting was listed as one of the four experts that endorsed New Democrats' report on income tax, Mr. Speaker.

Mr. Speaker, I have to say that misleading again, Mr. Speaker. Mr. Speaker, the government has to be in touch with their people. How will they do it if they don't advertise in the media? This goes back to some of the . . . These are just some of the quotes. This is Larry Mitchell, the publisher of the Tisdale **Recorder**, Mr. Speaker: the government advertising is important to the people. This is from Ron Phillips, **The Melfort Journal**: I don't think it's wasted money; I think that the government has a duty to inform their constituents of the work they carry out and the programs that are available.

Mr. Speaker, I just want to say that once more. I don't think it's a waste of money, he says; I think the government has a duty to inform their constituents of the work they are carrying out and the programs that are available. And that's what I meant before, going back to what I mentioned before. That is the cheapest way to advertise; that is one of the advertising that does help the rural people out in rural Saskatchewan, Mr. Speaker.

I want to talk a little bit about what the decentralization — which I started . . . I'm jumping around here a bit, but I want to just quote; this is only going to take a few minutes — about what decentralization is going to do for rural Saskatchewan. What's going to happen to recreation, our health care system, and our education system out there if we don't do something.

We have an infrastructure out there, Mr. Speaker, that is second to none, Mr. Speaker. We have to utilize those infrastructures, Mr. Speaker. The best way to utilize those infrastructures, Mr. Speaker, is people. Mr. Speaker, I am sure that anybody that goes out into rural Saskatchewan, that comes from Regina and sees the facilities that are sitting out there that are just as good as the facilities sitting here in Regina, are going to be pleased and are going to enjoy the move, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Gleim: — Before closing, Mr. Speaker, I listened across the way about them talking about the federal government off-loading, Mr. Speaker. They're not happy about it, and they wouldn't let them get away with it. Well, Mr. Speaker, it sounds awful funny when you take the Leader of the Opposition . . . talks about he's going to go down there and crack the whip, and Brian is going to say, here, how much do you want?

Some Hon. Members: Hear, hear!

Mr. Gleim: — Mr. Speaker, I just want to say he was sent down there once before, in 1981 and '82, Mr. Speaker. He was sent down there along with his partner, Jean Chrétien; another partner, John Wells; and another good friend of theirs, Pierre Trudeau. They went down there. What did they bring back here into Canada and into Saskatchewan? They brought back something that nobody really wanted. They brought back a constitution and a Charter of Rights that we are still living with.

And they say they're going to send him down there to bring back . . . and he's going to stop the off-loading, Mr. Speaker. Well, if that's what he's going to bring back, things like that, Mr. Speaker, don't bother to pay their air fare to send them down there, Mr. Speaker. That is something we don't need to bring back here, Mr. Speaker.

Mr. Speaker, I just want to go through a couple of the things before I sit down here, Mr. Speaker, what harmonization is going to do. What it's going to do for people in business, for manufacturers. Machinery, it's refundable; tools, computer equipment, software equipment, cash registers, polishing wheels, vehicles, office furniture, safety clothing, safety equipment, many things, Mr. Speaker.

I imagine, I guess maybe it's a little tough to accept for somebody that's never been in business. And I can see why they don't understand. Because, Mr. Speaker, it is \$260 million that is going to come back to the business people of Saskatchewan, Mr. Speaker. And that is something that is the first refund for business in Saskatchewan, Mr. Speaker.

I just want to say, Mr. Speaker, that in Saskatchewan we have come to the situation where I guess the people are telling us to hold the line. And I guess maybe it's a little tough to take something away once you've had it. But I guess that time is come. This tax is not something we wanted. But with the recession on, Mr. Speaker, I do think it is coming around, Mr. Speaker, that times . . . we've been down to the bottom, the price of our commodities are going to change.

We could just take a look at the weather out. It was only six weeks ago that the people were saying across the way that we were going to have a drought. Well, Mr. Speaker, the drought is over. The drought is over, Mr. Speaker. So we really don't have any control over the weather, Mr. Speaker. We can implement programs like this, Mr. Speaker, but we cannot forecast the weather, Mr. Speaker.

Mr. Speaker, if they think they can forecast the weather, Mr. Speaker, look into this globe and wet their finger . . . what so they want to do, and say this is how we're going to do it. This is our plan, but you've got to wait until after the election or until somebody calls an election, Mr. Speaker. The people out there don't accept that, Mr. Speaker, and I don't blame them for not accepting. The people want to know where their stand is, Mr. Speaker. We know where our stand is, Mr. Speaker. We put it up front.

When the Minister of . . . Finance minister goes around with his meetings, Mr. Speaker, last fall and in January, this is what the people said: if you're going to put a tax on, put it on and tell us about it. Don't wait till an election or after an election, Mr. Speaker — the approach that you people are taking across the way, Mr. Speaker.

You have a plan, but you still haven't told us where you are going to get the money because you have been proven wrong by these people here. You've been proven wrong by these people here and the letter that I have from your leader over there hasn't said anything, Mr. Speaker, where he is going to get his money from, Mr. Speaker. Where is the money going to come from, Mr. Speaker?

With that, Mr. Speaker, I just want to say, I will vote against the amendment and for Bill 61. Thank you very much.

Some Hon. Members: Hear, hear!

Mr. Goulet: — Mr. Speaker, I'll be taking part in this debate on the tax Bill that is the largest tax grab in the history of Saskatchewan, the 7 per cent provincial GST. What I want to do, Mr. Speaker, is to do an outline of what I will be presenting, as well as then taking my outline step by step in mounting what I consider to be one of the strongest oppositions by the people of Saskatchewan.

We well know right now that over a hundred thousand people in Saskatchewan have said no to the tax Bill. And we also know that it affects many people from many different walks of life. We know that it affects trappers. We know that it affects people who do fishing. We know that it affects workers. We know that it affects small business. We know that it affects farmers. We know that it affects the youth. We know that it affects children. We know that it affects seniors.

Mr. Speaker, it is very important for people to try and get a firm understanding in regards to how not only this tax affects them, but also a bit of an historical overview in regards to taxation.

(2000)

So first of all, I will give a bit of the outline of what I want to present, and then later on move into the debate itself on the specific areas. The outline I will give, Mr. Speaker, is this. I will start out by giving an overview of this provincial tax with federal GST because of the harmonization aspect of it. It's also very important to learn not only the specific detail of the federal GST and its relationship to provincial GST, but also the taxation history of Canada as it relates to people in general. So I will be moving in then to do an

overview on the Canadian tax system, and more particularly, the effects of the federal GST. And I will also then look a bit at the historical records in Saskatchewan.

A lot of people have talked about the fact that they are more taxed than at any time in the province's history. But it's also very important to look at the facts. We have to look at the facts, not only in regards to the provincial sales tax but also as it relates to other taxes such as the personal income tax and also the corporate tax itself, so that people then get an overall view in regards to tax.

I also want to give the totals on the taxation, not only the comparison between the NDPers and the PCers; I would also like to do a comparison with the Liberal leaders so that the people will have a fair understanding in regards to the changes that have taken place in the tax system.

As well, I will look a little bit at the past and, when I deal with the federal level, about how tax has changed quite a bit since the turn of the century and where most of the tax did come from, and when different changes in taxation took place, when the personal income tax got started, and when the sales taxes, you know, started developing and how they were impacted both at the federal and then on to the provincial levels. I think that is a very important part of the debate, Mr. Speaker. So after we get into the historical overview of taxation and more particularly in how it relates then to the sales tax, I will then move into the aspect of the rationale as to why the tax has occurred. Therefore I will then get into the whole issue of deficits and more particularly the Saskatchewan deficit. And lately there's been some news as well on the federal deficit and because we're being harmonized there is a problem of deficits, you know, not only at the provincial level but also at the federal level. And the other thing that I will talk about is the patronage, of course, as well as mismanagement in our province.

The Deputy Speaker: — Order. Order, please. I would just remind the member . . . and I've been listening very closely to his opening remarks and he indicates that he is going to use the federal taxation system as an overview and go into taxation from the turn of the century, along with patronage and deficits and the federal level and everything else.

I would just caution the member that that's fine, use that as an overview, but I would hope it would not be the dominating remarks of his remarks, and I'll be listening for that carefully.

Mr. Goulet: — Well, thank you very much, Mr. Speaker. Those were going to be my introductory comments and where I wanted to get into the . . . I was going to look at interconnecting policies as well, you know, of the government as it relates to taxation. But I wanted to get as well, into a bit on privatization, not to spend too much time on it but to provide an understanding for people as to where the money is going, at least what it says in the public records. There's a lot of things this government has done that we know nothing about. For example, the auditor's report a couple of years ago saying that we could not access half of the records. So I will be dealing with things like that as well.

Then I will move into the aspect of taxation and where we put to use some of our taxes, and I'll be looking at the aspects of tax concessions as I mentioned historically, not only federally but also at the provincial level. I will then move into the impact of the tax here in the province of Saskatchewan and look at the history of taxation and the interconnection between the gas tax, the flat tax, and this particular tax, and also its impact. I think it's very important to let people know that this tax . . . this is a tremendous tax burden on the people of Saskatchewan and they would like to know how it is being used in their system.

Mr. Speaker, I would also . . . in any new debate that I make as well for my own constituents in northern Saskatchewan, I usually send some tapes back in regards to the proceedings of the legislature. And I always do a summation in my own language which is Cree, and I will do that as well tonight, Mr. Speaker. So a lot of the . . . especially seniors and middle-aged people whose first language is English and they know very little of the . . . I mean the first language is Cree and who don't know as much of the English, it's also very important for them to have a good understanding of the whole debate that is taking place in the legislature from time to time. I would also be doing that then, Mr. Speaker.

Now when I was doing my preparation on the taxation, on the history of taxation, I more or less looked at the new information. I also had a chance to look at different books. For example, there was an overview on taxation at the federal level, and now I'm starting on the federal level component of it. It was a book by Linda McQuaig. It's published by a very important international publisher which is Penguin Books. Every time there is an important book worthy of note in history, Penguin has usually . . . their connection is there, and they publish these books. And it was very interesting that they did make a publication of this book by Linda McQuaig, called *Behind Closed Doors*. And actually, the subtitle to it is "How The Rich Won Control of Canada's Tax System and Ended Up Richer." So that's the essence of the book. I don't want to cover a lot of the book; I just want to cover some aspects of the book in regards to my debate.

The other one that I thought was very interesting in regards to my own research on the taxation system was another one by Leon Muszynski, The Canadian Centre for Policy Alternatives. And I think this must have been written about 1989, and the title of the book is called *Is It Fair: What Tax Reform Will Do To You*. And here again I just want to pick out some aspects from this book. I also had a look at some other books in regards to revenue systems in Canada systems, and I looked at a fiscal history of Canada during the post-war years by J. Harvey Perry by the Canadian Tax Foundation, and they've done a tremendous amount of work on the history of taxation. And again I just wanted to just pick on some different aspects of it, and so J. Harvey Perry wrote *A Fiscal History of Canada: The PostWar Years*.

Now there are some other texts that were important. He also wrote another book called *Taxation in Canada*, you know, the 5th edition. And this is a more recent book. It's a 1990 book again by the same Canadian Tax Foundation.

There are other books as well, for example, *The Provincial Tax Reforms: Options and Opportunity* by David W. Conklin and France St. Hilaire. This is again the Institute for Research on Public Policy. So, Mr. Speaker, my own knowledge of taxation was fairly general when I first started doing a bit of the research in regards to tax. I don't say that I know very much about the tax system because I found out it was fairly complex, and there was a lot of detail in many different aspects of it.

But I was able to at least get a fairly general understanding, and I think these books pretty well catch, you know, the gist of it. I was very interested in the early years of taxation that most of the moneys that were collected were basically the taxes on custom and excise. And during the early history of Canada, many of the debates took place in around that question. And it's very interesting that during that debate, many of the people felt that the customs and excise tax was too hard from an economic view and also too hard in regards to a lot of the consumers. And in many cases a lot of the farmers particularly, and a lot of the poor, and a lot of the small business, as well as many of the workers, you know, were against this tax. And they debated quite a bit during the early days, you know, in around the war period. And they were saying that they wanted to have a system of taxation where the burden was not so much on the middle income people and on the poor; that they should have a tax system that really does take a fair share from the rich. And a lot of the debate during that time took place concerning that issue.

Now as time went on during this debate it became to be recognized that the rich simply weren't going to stand by and take everything on the chin in regards to the introduction of new taxes. And the first one that a lot of people thought, interestingly enough that I found, was that they thought that the progressive income tax would be the most fairest and the best form of taxation.

So by the 1920s there was an introduction of the income tax policy, and it was more or less progressive. The only thing that the people . . . and it's very interesting that it was a lot of the workers of the day, and a lot of the small business, and a lot of the farmers were really asking for this tax. And the lobby by the rich for a long time prevented them from introducing such a thing as income tax.

And as time went on . . . Mr. Speaker, since you are in the Chair, what I'm doing is a bit of an overview on the history of taxation in Canada because of the harmonization of the PST (provincial sales tax) and the GST. So that I was very intrigued myself when I was studying a little bit of that history on how the taxation system, you know, has worked for a long time.

So what I was saying at the beginning was that a lot of the taxes were on international trade. Most of it was on customs and excise taxation; a lot of the things that were imported over here, etc. So the majority of the moneys that were collected during that time came basically from that source. And it was not until the 1920s that such an important part of a tax structure such as the income tax arose. It was interesting. A lot of the rich at that time

fought against that income tax because a lot of the people who were introducing it saying that it was going to be progressive — meaning people who earned more would pay more taxes, and that it would be a person who earned less would be paying less taxes of course.

(2015)

So it was a progressive form of taxation where those who were capable of paying more would pay more. And it was a very simple idea, but it was a very, I suppose, a very change-oriented idea of the day. And they debated that for a long time. And they finally did get it in.

Now what a lot of the people did not know is that as the taxation went on they didn't know that there would be such things as loopholes. And a lot of the rich during that period were able to get the tax loopholes. And as time went on, while a lot of people thought that it was still important for the excise tax, other things started getting into place such as sales taxes. And we got into sales taxes and a lot of people then said sales taxes weren't enough and we got into what we call the corporate tax as well.

And those are the major taxes that we look at today, Mr. Speaker. We look at the corporate tax, the personal income tax, as well as a sales tax. So when we're debating this issue, it's important to try and get a good understanding of the history of this taxation.

Now when I looked at the . . . when I was looking at that aspect, therefore, Mr. Speaker, on the taxation in regards to the federal level, I also had an opportunity to read a few of the books and I'd like to quote certain things that I found from the books. I read this one by Leon Muszynski on this book on the tax system, and he was saying that there's been a massive shift in regards to the sales tax and excise tax as well as the personal income tax and also the corporate income tax. And I'd like to just look at examples that he presented in the more early days from 1961 and '62 as it relates to . . . as compared to '87-88.

And it's important to note that the corporate income tax in 1961-62 is 21.6 per cent. And by the time '87-88 rolled around, it was 11.4 per cent. In other words it had dropped by more than 10 per cent. The corporate income tax, therefore, was cut in half in those periods of time between '62 and '88.

Then I looked at the personal income tax levels, and I found that in '62 the personal income tax level was 34 per cent. Then I looked at the '88 income tax level, and it was 50.3 per cent. In other words it had taken a jump from 34 per cent to approximately 50 per cent. There was a 20 per cent jump.

In other words when you compare corporate and personal income tax, there was a drop even in just . . . in the past 30 years there's been a real drop on taxation by about close to 20 per cent. I mean there was a drop, excuse me, by 10 per cent. It's been cut in half for the big corporations, and for the ordinary person it's been increased quite a bit. So now our share is about half of the revenues for the whole of Canada and so on.

In regards to sales and excise tax, for the record because

of the debate, it's noticeable that the sales and excise tax total in 1962 was 36.5 per cent. And surprisingly that has dropped to 26 per cent. In other words, the sales tax, the sales and excise tax in total — between '62 and '88 — has dropped from 36 to 26. But I notice in this thing, the only thing that has really gone up is the personal income tax.

Now when I further looked at this book, I therefore wanted to look at the total taxation system of Canada to see how we fared with the rest of the world. And I wanted to see how we fared with countries such as in Europe. Canada's taxation rate as of '84, according to this book, was about 33 per cent. But when I looked at Sweden it was up to 53 per cent, and when I looked at the United States it was 32. The place such as Germany was 43 per cent. So in Europe everything was around 43, 45, 50 per cent, and in Canada we were at about 33 per cent in 1984. But of course the tax rates have gone up since then.

The other thing that this person, Muszynski, wrote about was the impact on not only the rich but also the poor as well. What this person said at that time was that the poorest 20 per cent of Canadians get about 4 per cent of the national income, while the richest 20 per cent take about 43 per cent of the money.

So when you're looking at the national income, you know, close to half is taken by 20 per cent of the richest people, and 4 per cent on the 20 per cent that are the poorest in Canada. So there's quite a discrepancy in regards to the income.

The other thing that I did notice on the debate is this . . . on the research. I found that I was looking only at the tax system, but it was interesting, just a point of note, that this person was saying that there's also hidden tax measures and he was saying that the hidden tax measures are often less fair than the more visible ones. The less visible the tax or tax measure, the less accountable government is to the people. And so we had a hidden tax, hidden tax loopholes is what he was talking about.

One of the interesting ones that he did mention, Mr. Speaker, was the depreciation. It says that in 1981 the excess of tax depreciation over book depreciation was \$2.2 billion. In other words, \$2.2 billion . . . I don't want to get into the whole aspect of the other questions, other non-tax issues, but I just wanted to give that as another example of a loophole in the system.

A lot of the people, a lot of the rich businesses were not able to get that. Utilize, you know, depreciation as part of their accounting system, and when it's over-inflated it becomes a beneficial aspect so that then they don't have to pay taxes on it. And it totalled during that one year to be over \$2 billion. So when you look at it over the years, after a 10-year period that's \$20 billion. It's a tremendous sum of money. In a 10-year period at the federal level, just on depreciation alone, they save, you know, \$2 billion.

There was a whole history of taxation during the period in time by Linda McQuaig as well.

The Speaker: — Order. I've been listening carefully to the hon. member's remarks and they're interesting — they're interesting. However, up to this point I fail to find the

relationship between the general history of taxation and a very specific Bill which we're discussing — Bill 61. So I'm going to have to ask the hon. member to make it much clearer than he has up to now how that directly ties into the discussion of our Bill. Because I don't believe that through this Bill we are given a forum whereby we can discuss the whole history of taxation in general. I don't believe that this Bill gives you that opportunity.

Mr. Goulet: — I guess the connection, Mr. Speaker . . . when I did my introductory remarks I talked about taxation and the reason why we raised taxation is because usually the debt load in that situation. And when we have a tremendous deficit in the province right now where it is \$5 billion, and we're now paying about \$500 million worth of interest payments alone, we then are forced to get into that whole area of taxation.

Since this was harmonized with the federal GST and so on, I just wanted to touch briefly on the history of taxation. I didn't want it to be a major part of my speech. My speech won't be, you know, too short. I was just trying to get a little brief description of taxation. So that's why I was getting into the thing.

I was connecting the harmonization of the tax, you know, with the federal level. So I wanted to make sure that my listeners were having an understanding between . . . and its interconnection at the federal level and its interconnection provincially. I'm not going to spend, you know, an overly excessive amount of time on it. I just wanted to, you know, get a general idea that where the same problem we're having at the provincial level is the same problem, you know, we're having federally. I mean there is a tremendous debt there as well.

I was just looking at this federal and provincial debt . . . A little note that I just received, you know, on March 31 of '91 and I was looking at Burns Fry economics of May 24, 1991. And when we look at the federal debt they say that the federal debt is expected to be \$419 billion. We figure it's a tremendous burden on taxation here in the province and we're talking about 5 billion, and it is. It's a tremendous, tremendous burden. But when you look at the federal level and the mismanagement there as well, we're looking at a burden of \$419 billion. And it's going to be such a massive, massive problem, not only provincially, but I guess at the federal. So there's a tremendous debt.

I was looking at this thing overall. It seemed to me that when we look at the sales tax which burdens everybody on an equal basis, the tax provincially will burden the . . . I mean when a child wears clothes at 7 per cent, the child in essence . . . their parents have to pay for the child's 7 per cent and their clothes in the same way as for a senior. And when you have the corporation not having to worry about that, a lot of people talk about the unfairness of it. So the flat tax systems which treat everybody equally actually are unequal in a sense that people who have less amount of money are being hurt most by it.

And it's interesting when I was doing the taxation history of it on that length, in the 1950s the people . . . the personal income tax, people were paying about half and half between the corporations. But today when I looked at

the federal level, the corporations are now paying only about 9 per cent, but the rest of the citizens are paying about 50 per cent. And now we are being saddled with this tremendous federal GST and the provincial GST as well. So that was the basically the connection there that I was making in regards to the taxation issue.

There was another little article that I had received on knowledge internationally in regards to this GST at the federal level. It said that as it regards inflation, a lot of people will talk about the inflation as well as in Saskatchewan, but it's very important to look at the facts.

When New Zealand put on their 10 per cent GST in 1986, the inflation went up from 11 per cent to 18 per cent overnight, almost overnight. And when we were debating, my colleagues have been raising this issue quite a bit from a fiscal policy and how it affect such things as inflation, that it indeed will affect that.

The other thing is, federally, that on the tax reform, the middle income people have been bearing the burden of it. This tax really, really hits hard on the middle income people in the province. And I was looking at this federal document on the big tax picture, and it says that the middle income tax went up by about 10 per cent. And for the working poor, it went up 44 per cent; while for the upper income people, it went down by 5.9 per cent.

So what we're seeing overall in the taxation history, Mr. Speaker, is this, that the rich have fought very, very hard in making sure that they got the best deal for themselves in regards to taxation.

(2030)

They fought hard so they would have tax loopholes even when income tax situation came in. And also when their corporate tax was up into around a 25 per cent bracket, they were able to drop it down to 9 per cent today. And they've been very adept at impressing upon politicians the old aspect of getting their benefits from the tax structure.

Now in regards to the provincial level, Mr. Speaker, I would like to do a bit of the feedback that I've got on the provincial GST. So in general on the provincial level, these were some of the people that have raised concerns. We've heard the . . . There's been a new coalition for example. So, Mr. Speaker, so the next little series of presentation is going to be on some of the people who have been opposed to this tax.

We stand here and we talk about 100,000 people signing their names on the petition, but there's been a lot more groups that have formed. People have a very tough time making a living. They don't want to take time away from their work to have to organize in regards to the . . . against the government. But in this case, a lot of people have been very angry, and although they don't want to have to start organizing, they have in fact done so, Mr. Speaker. And it's a sad state in Saskatchewan history for that to happen.

And here I looked at the independent automobile dealers and suppliers against the tax. Mr. Speaker, it's not too

long ago that there was a used-car tax and there was quite an outcry, you know, by a lot of probably the same people who felt that the used-car tax was hurting them too much. And a lot of the lower income people who were buying from them were also being hit hard at that level. And of course the government at that time then changed its idea and that thing was repealed.

But this is what they're saying right now. It says that they've done their own surveys — this is the independent automobile dealers and suppliers against the tax. They say that the survey showed that the GST has resulted in a decline of business of up to 20 per cent in 29 instances and a decline of 20 per cent in 54 businesses. So what we're seeing is a decline of 20 per cent in 54 businesses, Mr. Speaker.

And that's why a lot of these people are being frightened, you know, by not only the information that they're getting, but in fact they're feeling the brunt. They know that a lot of the people are going across the border doing other types of retail shopping and that type of thing, but they themselves in regards to their car dealerships are really feeling the pinch from this taxation. So they've chosen to organize.

The other one that I've noticed — And the government always talks a big line of being "open for business", you know back in '82; then they had a new way of saying they were going to help out small business and they had a lot of information just prior to the last election that small business was the backbone of Saskatchewan and Canadian history and all that type of thing. But you know as we looked . . . there was a lot of cut-backs on the business grants to small business, but not to Cargill Grain or to Pocklington or to the big businesses, but to the smaller ones.

And when I looked at this next one, this one was from the *Star-Phoenix* on May 25, '91. And it was by the Business Coalition to STOP the PST. Here you have a specific organization that has taken the time out to organize against the PST. And what they're saying is that, and I quote,

The group claims the expanded sales tax, which took effect April 1 comes at the worst possible time for many businesses, which have seen a dramatic drop in consumer spending.

And so it's hurting them.

When they had their meeting with Minister of Finance, this is all he had to say when they asked him for some changesBecause in their initial meeting with the Premier a lot of the same people were feeling that there might be some changes in regards to the harmonization on the tax itself. But when the Finance minister was confronted by the issue he says, I don't think you will see any changes in terms of Bill 61 which is currently before the legislature.

And these same people have been hearing this government since last year with Consensus Saskatchewan. And you hear it all the time. They say, oh we're really going to listen to the people. You know,

we're going to have these plebiscites, referendum. We're going to do this, we're going to do that, and really we're going to pay attention to the people of Saskatchewan.

We know they simply don't pay any attention to the poor. We know they don't pay any attention to Indian and Metis people. We know they don't pay any attention to farmers. We know they don't pay too much attention to the workers and the small businesses, especially as it relates to this tax, because they're not listening to the people.

So here you have these businesses organizing, taking their time away from their business at the same time that this government policy is putting them out of business. This is a highly unfair aspect of this tax. But will the government listen? No, the government simply won't listen.

And I looked at the people; I've seen a lot of the students come to the legislature and I've gone through my travels. Last week I was up in northern Saskatchewan in my home area in Cumberland constituency, and a lot of people were very concerned as well about the fact that in the North they weren't able to get their library grant of 3.5 per cent. And this had been raised to them by various of the libraries in northern Saskatchewan. And they didn't even have the so called 3.5 per cent increase up in northern Saskatchewan for the libraries, but we hardly have any books towards it. And the few books that we do have in the stores are going to be saddled with this 7 per cent tax, Mr. Speaker.

So here you have another group that said that active forum . . . it was Saskatchewan Alliance Against Tax on Reading. And there was quite a few of the publishers. I mean we had the Saskatchewan Library Association, the Saskatchewan publishers' group, the Saskatchewan booksellers, the Saskatchewan Writers Guild. We had publishers: Northland Books, Coles Bookstores, Bookworm's Den, the two university bookstores, Broadway books in Saskatchewan, and Fifth House publishers, and many other libraries and bookstores, who have said no to this provincial GST because what it is, is not only something that economically hurts people, but it's a tax on knowledge.

It's a tax on one of the most important, long-term resources that our young people rely on, and that's knowledge. And when you have to tax books . . . And knowledge comes in various forms and so on, and so we've had this group that had to organize to let this government know that they were highly, highly displeased with this tax.

So this is the type of thing, Mr. Speaker, that is very, very problematic, I guess, for this government because they're not listening to the people. We have these many groups forming, the 100,000 petitions that have come into this legislature, and now we have this situation where they work hard. They try hard to make a living, but they have to organize and organize against this government's unfair tax. And it affects everybody. It affects our children. It affects our youth. It affects our seniors, and it affects anybody who's trying hard to make a living.

Now, a lot of people have been asking me . . . they have

said this deficit in Saskatchewan is one of the main reasons why we have this historic tax. So I would like to look a bit on the aspect of the deficit, Mr. Speaker. And when this government came into power in 1982, of course everybody now knows that there was no deficit. As a matter of fact, this government was operating with a surplus of \$139 million. By the time 1983 rolled around, the deficit that year was 45 million, and it kept on climbing and climbing during the years. And by the time '86 rolled around it was 192 — I mean . . . and these are the interest payments on the deficit, Mr. Speaker. So you had 45 million of interest payments and by the time '86 rolled around you had a 192 million. Now, when we look at it today, it's turned up to be approximately 4, about \$500 million in interest payments. That's a tremendous amount of money.

You know, there's a lot of seniors out there that want a level 3 and 4 care home in northern Saskatchewan that would really have used that \$500 million to help them out. There's a lot of small business who want wild rice production, who want to be able to compete with the California markets, and do quite well all over the world by helping . . . by having them helped out in their marketing schemes, and there is no help. And a lot of them are saying, this government will help out Cargill Grain at \$370 million but they won't help out the small tax . . . that the small-business person in northern Saskatchewan.

So here you have a tremendous, tremendous deficit which is now at 4.4 billion. Now, for the record I'd like to read how it has grown. First it was \$139 million to the good, as I said in 1982. By '83 it was 227 million, by '84 it was 558 million, by '85 it had reached close to a billion dollars; it was 938 million. Now it took them only 3 years to put us \$1 billion in the hole.

Then by '86 it jumped up to 1.52 billion — that's when they were making their election promises, and that's the same year that the minister of Finance underestimated his deficit by \$800 million. I don't think in the history of Canada there's been any provincial government that has been out by \$800 million. But this particular Finance minister was just not telling the people the truth at that time, because he was running for the election, wanting to get re-elected. And today now, you know, four or five years later, this government is trying to be the essence of fiscal responsibility. And at that time they didn't even tell the people the truth. So a lot of people are wondering whether they're even telling us the truth today. And that's why I think that we have such an important strategy on opening the books in this province.

By the time '87 rolled around, of course, it was 2.74 billion; and '88 it was 3.29; and by '89, 3.62; by '90, 3.9; by '91 it was 4.4 billion. Now that is a tremendous amount of money. It's going to take many, many years before we're going to ever be able to repay this deficit.

And when I looked at this . . . I saw an article on the cover story on the *Star-Phoenix* on May 27. And it says, "Deficit devours province's revenues". This person's figure says that the overall debt amounted to \$10,626 per person in Saskatchewan in 1988, compared to \$6,430 for the rest of the provinces. In other words, here we are in the province

of Saskatchewan; we're \$10,626 per person. But for the other provinces it's 6,400. In other words, they're only 60 per cent of what we are. We are approximately one and two-thirds times more than the other provinces, and sometimes you have a gumption to point to other provinces but they should be talking about this super big debt.

(2045)

There's many other aspects this person chooses to talk about, but what it does do is that it's taken about \$500 million away from our expenditures on a yearly basis.

When I looked at the . . . I want to look a bit again, back again, Mr. Speaker, in regards to the . . . some of the things that happened in Saskatchewan history. You know I was talking about the minister of Finance and the fact that he was out by \$800 million back in '86. A lot of people of course questioning the facts of the government in this year just prior to the election again. Who knows? They may be another \$500 million out; they could be a billion dollars out, who knows? I think, for them, they don't seem to regard the public purse with a great deal of honesty or for that matter a great deal of respect on how they spend the people's money.

But I looked at the minister who is in charge of Economic Development and Trade, the member from Melville. And back in 1982 he was of course saying that, in regards to taxation, he says, we will roll back the gasoline . . . the gas tax. And at that time he said he would also reduce the provincial income tax by 10 per cent . . . (inaudible interjection) . . . The member from Cut Knife-Lloyd said that he wasn't the minister of '82. Later on he became the minister and now he is in charge of having the worst tax grab in the history of Saskatchewan. We're not only talking about, you know, reducing . . . and not keeping up with promises. This is the greatest tax grab in provincial history.

But here he was doing his own . . . And we have the member from Melfort, as well, who was of course sending an advertisement in *The Melfort Journal*. They said they would phase out the sales tax. And here I see it here, it says they will completely phase out the sales tax. And I've never heard of a government who increases the tax from 5 per cent to 7 per cent and now harmonizes with the federal GST, and calls that phase-out. That's the most outrageous . . . that the most ridiculous form of meaning for the word phase-out that I've ever heard.

So here you have a lot of these ministers were advertising during that time when they were making all kinds of promises of this and that tax, and doing away with that tax. And they said, as long as we're government you will never, ever see gas tax and now, of course, I'll be reviewing those figures in a little while.

And during that time there has been more modern and up-to-date clippings. And I've already mentioned the business tax for the coalition to stop the PST. I've mentioned them and also the used-car dealers. I might add also the new-car dealers as well are very, very concerned, you know, about this tax.

So, Mr. Speaker, we have here a tremendous list of promises that this government has made in regards to taxation and Saskatchewan taxation history. And they haven't bothered to live up to them. So I will go through a few of the other taxes.

I remember in regards to the taxation, they said there would be no . . . The member from Cut Knife-Lloyd says that I have to bring in more information. I certainly will, Mr. Speaker, because this type of information is very important because I don't think it has sunk in through his head yet that the people of Saskatchewan are saying no to this tax.

Some Hon. Members: Hear, hear!

Mr. Goulet: — The member also says I should thank him for helping him out, and I think a lot of people may say that that's the last thing to ever thank anybody out is to put on such a regressive tax like the 7 per cent GST. And in this debate, after I finished with it, I don't think he will be thanking me in regards to how I deal with his own support of this provincial GST.

Now I was very interested in regards to the provincial tax history. I was looking at the remarks made also by the Liberals. And I was looking back at how the taxation changed in Saskatchewan history. I looked back in 1963 on what the individual income tax was and the corporate income tax at that time. I found that it was . . . They collected individual income tax of 14.2 million, I mean 14.3 million in 1963. The corporate income tax was about 10.8 million.

Now when the Liberals got out of office in 1971, that tax — the individual income tax — had climbed from 14.2 million to 61.2 million. It had increased by over four times. It was a 430 per cent increase on the income tax between the NDP (New Democratic Party) of the day and the Liberals, you know, from '63 to 1971. But in the corporate income tax, I noticed that it increased from 10.8 million to 13 million. There was only a 3 million increase as it pertained to the corporate income tax, and as it pertained to the individual income tax it had increased by a total of \$45 million. Actually it was \$47 million.

So there are very many things that we look back in regards to the history. When I looked at the more modern-day history, I looked at the period of 1981 to the period 1990. And this time it's a comparison between the NDP and also the Conservatives.

At that time, in 1981, the corporate income tax rate was \$128 million; that's how much was collected by the NDP. The individual income tax they collected was \$392 million. So 128 million for the corporations and 392 for the individual income tax. But in the Tories, the PCs in 1990 collected 108 million from the corporations and \$898 million — \$898 million — from the individual, personal income tax people.

So here we have from '81, in a nine-year period, the corporations have paid \$20 million less tax — \$20 million less tax from '81 to 1990, and the personal income tax level, the individual income level is 392 to

898. It's an increase of \$506 million — \$506 million — for your regular earner in the province. A lot of the people are saying that the system is indeed very unfair and that we should be looking at a system that starts having a situation where the larger corporations also pay their fair share.

The other thing in addition to the facts, I was looking at a family average wage between '81 to '89 and the increase in many things from the provincial income tax, you know, to the utilities, to the sales tax, the gas tax, the prescription drug costs, the property taxes, and the loss of the property improvement grant, and the total increase in that regard is \$2,294. It's 2,000 — rounded off, \$2,300 has been the increase to the average family in the province; \$2,300 would buy a lot of books, a lot of clothes, a lot of things for the household to the average family.

And now the province here will utilize any collection that they do to pay for the deficit and to help out their friends. And all the people in the province are going to have to pay for this but they will never see that money again.

I look at the provincial income tax comparison, you know, with other provinces in Canada. And it's very interesting. I looked at Manitoba and theirs was 1,958; whereas Saskatchewan in 1990, for a family with a family income of 40,000, was \$2,426. It was approximately \$500 more. The income tax in the province of Saskatchewan was \$500 more than in Manitoba.

When I looked at Alberta — you know, our next door neighbours on the other side — the provincial income tax in 1990 was \$1,664. And in this case, Saskatchewan was 2,426. So here we have another case where approximately \$800 less tax, income tax, is paid in Alberta. So \$800 better for people of Alberta in regards to the income tax and in Manitoba, it's \$500 better. So here we have a situation wherein the province of Saskatchewan is us simply paying quite a bit.

And here another statistical figure as we compare the personal and corporate income tax. In 1981-82 and the increases to 1991 — in the past nine years from '82 to '91 — the increase in corporate income tax is 54 per cent, but the increase in personal income tax is 75 per cent — a 75 per cent increase.

But the total amounts really tell you, you know, a lot more when you look at the actual figures. When you look at 8, close to \$900 million for the ordinary taxpayer and approximately 100 million for the corporations. The big corporations pay a lot less. And when I looked at the sales tax, it's now \$502 million.

The member from Cut Knife-Lloyd asked me which corporations, and he wants to know more about which corporation . . .

The Speaker: — Order, order, order, order. I asked the hon. member to not mention the presence of members and engage them in debate. I ask, on the other hand, other hon. members to allow the member from Cumberland to proceed without interruption.

Mr. Goulet: — Thank you, Mr. Speaker. I was comparing

the income tax comparisons, of course, between the federal and provincial tax. And when I looked at the income tax I started looking at the corporate taxes, and I started looking at some of the lists in regards to the corporate tax. And I know that certain of these particular corporations that I'm listing here pay a lot of money to the federal PCs and also to the provincial PC party.

It's very interesting for example that Michelin Capital doesn't pay income tax at all, North Canada Oils doesn't pay any tax at all, the PreCambrian Shield Resources doesn't pay any tax at all, and the Westar Group pays a total of 1 per cent. WESTBRIDGE Computer, zero; Xerox Canadian finance less than half a per cent, and that was in 1989, Mr. Speaker.

(2100)

When I looked at 1988, on income tax, Hudson Bay Mining and Smelting which is of course owned basically by South African companies in majority ownership, they paid about zero per cent, a total of zero per cent. Amok, in 1987, in northern Saskatchewan, paid zero per cent. So here we have Hudson Bay company in 1987 actually had a tax credit of \$15.7 million. And so when we're talking about which corporations . . . I could list many other corporations, but because of time these were just pointed as examples.

Now I also looked . . . Many people have been asking as well, in Saskatchewan, well how come we are paying so much tax? Why is it that we're paying so much tax? And as I mentioned, the corporations don't pay a lot of their fair share. But I'll give you an example. When we did the Potash Corporation debate and we had Chuck Childers, of course, with his salary of \$700 million. And so here we have Chuck Childers in Potash Corporation making over \$3 million over a few years, and a lot of people are just trying hard to make a living in this province.

You have the Potash Corporation of Saskatchewan, and I recall royalty tax system of the day when we were in that long debate during the privatization of potash. I recall — when we were debating that issue — the facts that I got out . . . and this was a comparative view on six years of Liberal rule, six years of NDP rule, and six years of Tory rule. And the facts that I got in regards to the taxation policy of Saskatchewan was quite a telling tale as to why the NDP had balanced budgets and as to why there was so many more programs during the NDP era.

And the reason was very simple. The resource taxation policy of the day was such that it had increased over the Liberal years. And I recall when we were debating potash, the taxation structure for potash was about 2 per cent, you know, prior . . . in 1971. While everybody was paying about 30 per cent tax, income tax and so on, here you had a big corporation paying about 2 per cent. We raised the taxation after the first year to about 6 per cent and the following year, in '73, to 12 per cent.

And after that there was a tremendous fight by the big corporations; 90 per cent of them were owned by the Americans. And of course Thatcher at that time had come out with a policy which was helping out the potash industry in the United States, and as such they were not

able to collect that much tax. And then when I recalled the tax history of the day, the amount of tax that the Liberals were able to gain was about \$14 million from the big corporations during the last six years.

And when I looked at the NDP years and the last six years, the amount that they were able to get from the corporations was a total of \$986 million. Now you compare that to the Tories when they do royalty tax roll backs, and they do other types of gains that are not even part of this formula. By the time six years had rolled by in regards to potash, the Tories had collected \$274 million. In other words, we lost \$712 million in a six-year period. A lot of people at that time said, well you're taking facts wherein we, the NDP years, sold more potash. And actually there wasn't very much difference.

The debate showed that there was 32 million tonnes of potash sold in that six-year period, during the NDP years, and 31 during the PC years. So it didn't have anything to do with the amount. And the cost was \$109 per tonne during that time, 106 for the NDPers. There was only a \$3 difference on the average of that six years.

So what I'm saying here, Mr. Speaker, is just that the royalty, the taxation that was collected during that time was very, very poor in connection with the Liberals and the Tories. Fourteen million as I said, for the Liberals and later on it was 274 million. We lost \$700 million with the Tories.

When I looked at the debate in oil, it was about one and a half billion dollars to \$2 billion in what we've lost during these years. When I looked at the debate . . . right after the debate in April of 1990, what we were debating during potash was brought out by the research of *Sask Trends Monitor*, and this was in April of 1990 and this is what they said:

Even with the declining prices, had the royalty and taxation levels remained at their earlier levels, the current provincial debt of \$4 billion would simply not exist.

And I want to read this again:

Even with the declining prices, had the royalty and taxation levels remained at their earlier levels, the current provincial debt of \$4 billion would simply not exist.

So when I looked at the facts in regards . . . So when we look at the tax, here you have an independent magazine, an independent business, who was saying exactly what we have been saying for the past nine years. And when people look at the taxation history, we had the flat tax of 2 per cent that was put on; we had the increase that went here on the sales tax from 5 to 7 per cent, the one that was supposed to be phased out. Later on we had the used-car tax and then we also had the bingo tax, you know, all over Saskatchewan. I remember people used to complain quite a bit about that particular tax, basically because of its effect not only on the support that the bingo people had and crushed the recreation structure of the province. But later on the province did change their mind on it, but a tremendous amount of taxation.

So when we look at this history of Saskatchewan, therefore, what we're seeing is a lot of benefits in the tax structure to the larger corporations. But to top it off, it's not only taxation benefits or the hidden tax measures. I mentioned earlier on that the hidden tax measures provides about 2.2 billion for Canadian businesses just on depreciation alone right across Canada.

But there are many other aspects as well. But in regards to Saskatchewan, we have a situation where you have give-aways. We have, of course, Pocklington, and everybody knows about Pocklington and the give-away there. Manalta Coal from Alberta was given away — our coal resources. We also look at the resources in regards to Cameco. We have about a one and a half to two billion dollar business in Saskatchewan Mining Development Corporation such as Cameco. And they were doing a healthy business.

The Tories were always saying that from the early days that the Crown corporations could never run anything. And of course they proved they could run something in regards to many aspects of our daily lives whether it was the best insurance rates in Canada or others as well.

But we were able to see situations such as SaskTel and SaskPower and so on. So they were able to make a . . . The Crown corporations were able to make a profit. But in SMDC (Saskatchewan Mining Development Corporation) they made \$60 million that last year before it was privatized. So they couldn't use the excuse that it was being run poorly because it has one of the best rates of return at over 19 per cent during that year in 1988. So it was making a lot of money, and it was making a lot of returns for the province. And we were getting a lot of money for the people of Saskatchewan. But they privatized that. And I notice that there was a treasury share offering this week to try and privatize because of the cost of uranium at \$89. The market conditions were such that they were unable to privatize although they wanted to during that time. So the corporations were benefitting quite a bit during that time.

So when you look at the debate in regards to this Bill, it not only extended from mining and tremendous benefits for Cameco in regards to the largest uranium reserves in the world and the best reserves the world has ever seen, but we've also seen that in potash — you know, the potash resource being given away. And the government said, we are giving it away because we'll solve the deficit — in 1985-86, that's what they said. But we haven't seen that; all we've seen is the deficit has grown.

So a lot of people are saying, what does this government do with all the money? A lot of the corporations, of course, don't have to pay. I know that Weyerhaeuser doesn't have to pay a cent unless they make over 12 per cent. And I know they still haven't paid 1 cent.

In northern Saskatchewan when we have an unemployment rate of 50 to 80 per cent, there is less hiring for people in the mines; there is less hiring by companies like Weyerhaeuser, but they haven't paid a cent to the provincial treasury. Weyerhaeuser supposedly paid 248, we learned, 248 million; we learned later on it

was 236. They haven't paid a cent of this money. Not even 1 cent, and they've been operating now for over a couple of years as a matter of fact — I mean the sale took place in December of '86. So they can get away with . . . even if they have to pay, it will be at 8 per cent and many of us are paying higher rates than that in regards to any amount that we do borrow.

So that's a main aspect of . . . that's the main reason when a lot of people ask me about the rationale for why the tax. Part of it is because a lot of the big corporations pay into the . . . the PCs a lot of money. A lot of the — I was just telling to one of my friends. I said when I look at even the banks and a lot of the banks getting farm land and things like that throughout the province, the banks pay \$86 million each — not \$86 million each — \$86,000 each to the federal PCs, and they also pay their fair share to the provincial Tories as well. And they pay both to the Liberals and to the Conservatives, you know, at the federal level, that \$86,000 a year each.

So, when you're looking at patronage and you're looking at the aspect of the history of patronage, this is probably the worst form of patronage. I mean, when we look at smaller scales of patronage, they pale in comparison to the amounts that are provided in regards to the corporations. Like *Sask Trends* said: we wouldn't be having a deficit of \$4 billion if the rates had remained the same as they were in '82.

(2115)

Now, the other aspect of patronage, of course, is to their friends. I remember when we've had famous MLAs (Member of the Legislative Assembly) in this provincial legislature who've gone to work, you know, on getting a fairly good salary. And we've had many people who were in that situation.

But, Mr. Speaker, I wanted to do . . . before I wanted to get to that aspect, what I wanted to do, first of all, is to do a quick little overview of the situation that I've come across to some of my own constituents in northern Saskatchewan. And I would like to shift off and do a part of the summary that I've just done in our own language, which is Cree. And Mr. Speaker, I haven't had the opportunity this time around to get into a major debate and haven't been able to speak my language in this legislature in this particular session.

So I'm going to shift off into Cree and outline a bit of the history of taxation that I went through on Canada as well as Saskatchewan and outline the fact that a lot of the tax benefits have gone to the larger corporations while a lot of our own people are suffering in the province. So that's what I'm going to enter into.

So with due respect to all the speakers of all the different languages in the province of Saskatchewan and more particularly about the language of the House, Mr. Speaker, I would like to shift off into Cree.

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

Mr. Speaker, you will notice that because the word tax is a more recent word because there was never any taxation

in Cree culture, you'll notice the word that I threw in there, tax, once in a while. I'll give it a bit of my Cree accent when I mention it.

So as I looked at the taxation, Mr. Speaker, . . . I notice sometimes, Mr. Speaker, when I'm travelling around, a lot of the people in Qu'Appelle Valley who also speak my language, the Cree language, sometimes are listening in on the radio. And I notice a lot of the older people who have moved into the city — whether they are at the hospitals or whether they move with their children, you know, from northern communities to there from the rural areas — they just appreciate it when I speak Cree and explain to them what is going on in this legislature, so I will continue, Mr. Speaker.

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

The member from Melville asked me whether or not this makes sense.

An Hon. Member: — No, I didn't say that. I said it's inaccurate.

Mr. Goulet: — Oh, it's very accurate. I wish I had an interpreter that would do a situation off the block. But I always do my interpretation. I do the presentation in English already, and I'm doing that particular type of translation right now.

Some Hon. Members: Hear, hear!

Mr. Goulet: — I will also be raising this issue later on when I speak English for the members' benefit. I'll be raising the issue of the taxation, the provincial PST as it affects Indian people as well, because a lot of people . . . (inaudible interjection) . . . The person from Melville, of course you know, he keeps interrupting me while I'm trying to speak my own language, and I think he wants to know whether or not I'm accurate. I'm as accurate in English as I am accurate in Cree. I would like to let him know that. As a matter of fact, my respect for the truth, you know, occurs in both languages.

Some Hon. Members: Hear, hear!

Mr. Goulet: — Which is what I can't say for the member of Melville, because during that time he promised that there'd be no sales tax here and we already have a sales tax. And he said there would never be a gas tax . . .

The Speaker: — Order, order, order, order. I think it's best that hon. members don't enter into debate back and forth. I think that's the best for the House. From time to time an hon. member may interject, as is the custom, as long as it's within reason. These are things that go on in parliament. But I don't think we should carry on debates between each member who interjects because then we'll lose track of your . . . of the remarks you're trying to make.

Some Hon. Members: Hear, hear!

Mr. Goulet: — Thank you very much, Mr. Speaker. So I'll continue my remarks again then in Cree.

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

(2130)

Mr. Speaker, I was relating and doing the summary again in Cree and trying to read the first part of my speech in regards to what was taking place on that first part.

Now, Mr. Speaker, I will then proceed a bit into the provincial sales tax information and talk a little bit about its effect. I mean, what we are talking about is a tremendous sum of money — the 7 per cent. Well I've already talked about the issue as it relates to not only the tax loopholes, but also the benefits to the larger corporations. But I've also done that as well in Cree. I've also mentioned a little bit of the Canadian tax history although I didn't do as much as I wanted to, but I did cover a bit of that history and a bit of the Saskatchewan history.

Now when we look at taxation in Saskatchewan, a lot of the people have been saying that we have this tax and we know that we need a fair taxation system. But a lot of the people are saying we also need a common sense, deficit reduction plan. We need to be able to look at this tremendous deficit in the long run and be able to manage it. We need to be able to look at . . . we need to be able to be truthful and look at the history of how our province has been managed.

Everybody knows of course there was \$139 million to the good, but a lot of people have been asking, why is it that we have such a tremendous, tremendous, tremendous deficit? Now of course the Premier, when he took over that \$139 million of the day, had said this; he says that Saskatchewan has so much going for it you can afford to mismanage it and still break even. This was in 1983, a year after he took office. He said Saskatchewan has so much going for it you can afford to mismanage it and still break even. Mr. Speaker, this ideology of . . . this idea that you can go into government and have such disrespect for an institution that all the people take part in and come in, and make a statement that you can go ahead and mismanage it, is indeed not a very good one for any leader to make.

It's as if you see that in regards to certain of the happenings; sometimes there's been many legal cases going on, whether it's with STC (Saskatchewan Transportation Company) bus scandal or whether it's the scandal as it relates to the Indian and Native Affairs Secretariat, Indian and Metis Affairs Secretariat now. And there was a lot of scandals. Those scandals, of course, are basically individual oriented, Mr. Speaker. And those people who are suffering those scandals have to pay for what they've done.

But there is a pervasion of ideology where you say that only the business community can run business and only the business community can run things in proper order. And there seems to be an underlying ideology that you cannot run things properly and so on. And that was the type of ideology that came out very clear from this Premier's statement in '83.

And I've always thought about it as very problematic because whether you're in government or you're in

private corporations, you've got to run with balanced budgets. I mean that's pretty clear. And you can't take a careless attitude, which I deem this to be, and say you can just go ahead and figure you can spend all over the place and not worry about it. As a matter of fact, there was some other statements made that was very problematic, which I can't find for the time being. But I'll stick to this idea of mismanagement.

This idea of mismanagement is something that I had seen not only with the right wing government in Saskatchewan, but I had seen that in England, and I'd seen that in the United States; tremendous over-spending that led to tremendous debt. And when you have this type of ideology, and I'm talking about right wing governments, you know, such as Reagan administration and now followed up by Bush, as well as the Thatcher government — which the same government have also . . .

The Speaker: — Order, order, order, order, order. Once again I must call the attention of the hon. member to the Bill under discussion which is Bill No. 61, An Act to amend The Education and Health Tax Act (No. 2) be now read a second time.

I know we can get into philosophical dissertations and wander world-wide as to various governments and leaders. However I believe we're getting away from the topic and we insist on doing that, except by way of example, and I believe that perhaps you should stick a bit more closely to the subject under discussion which is Bill 61.

Mr. Goulet: — Mr. Speaker, when I looked at the taxation on Saskatchewan, I looked back at the then Finance minister's statement. Which was again in the same context as today where we saw that \$800 million mistake. And at that time the Finance minister said this in '88, and he says, tax reform was initiated in Saskatchewan in 1985.

The Saskatchewan flat tax was an important first step. This flat tax, of course, was a very similar sort of tax where everybody pays the same, you know, whether it's low income or high income people and so on. It's a flat tax; a tremendous amount. And he said this was an important first step and he said, federal tax reform takes another step forward. And of course that federal tax reform then . . . I mean there was even talk about the food tax, you know the flat tax, GST, and that type of thing, and there was a lot of promises to come work with another step forward. Of course the step forward as we now know is provincial GST.

And a lot of these things have been talked about in regards to the debate at the provincial and federal level and I'm sure that in the cabinet there was a lot of discussions on this but whether or not they were followed is questioned because of a fundamental principle of a more progressive tax system, which this tax isn't. Everybody has to pay exactly the same.

I talked with a lot of the . . . last week as I met with some people who make a living from fishing. And they were talking about the extra taxes that they had to pay. They said, make sure that when you get back to the government

you tell them that in northern Saskatchewan we've been treated pretty tough. You know, we've had a lot of our subsidies cut off. And although we have subsidies for liquor we had a lot of our economic subsidies cut.

But now he says this tax is really hurting us. This tax . . . our food costs are a lot higher. We pay more for everything in northern Saskatchewan. We pay more for our nets; we pay more because of the gas tax; we pay more for our gas. Everything costs a lot more in northern Saskatchewan. And what they were telling me in regards to this sales tax was that it is just unreal.

I mean, we are already being chased off our land in many ways. Now we only have a little bit of buying power left and now the sales tax will really, really hurt us. They said our land has been taken over by the big corporations. A lot of our jobs have been taken away; we only have a few more left. The only thing that we have left is a few jobs and we try hard to make a living on our trap lines and our fishing and a few jobs that we have in the mine and also in the forestry area and also in the wild rice area. Now we go in and try and buy our goods and we have to pay this tax.

Is it not enough that we pay a higher transportation rate in northern Saskatchewan? Is it enough that the province can subsidize whisky and liquor but they will not subsidize, you know, fresh food for our children in the North? And now when they won't even subsidize our fresh food for northern Saskatchewan, they will put a sales tax on top of it. They said it makes it really, really hard; it makes it really, really tough. And I saw the same thing with a lot of the seniors, a lot of the elders as I moved throughout the North. They're really hurt. And I mean, many times they come up and just tell me, they'll say, just make sure you go and raise it in that House, that this thing is really unfair; that, you know, our pensions are being squeezed by the federal government, you know, our old age pensions. You know, there was a few benefits we used to get and they're being cut away and the province is cutting others away as well. We're not getting as much as we used to. We're having more illnesses and a lot more sickness, and we don't even have the proper services in the North and here this sales tax is put on top of it.

So that's a . . . it's a real sad situation for people in northern Saskatchewan. And so they talk about the thing. They say to me, well why don't you get them to pay the big corporations. And that's where the term "progressive tax structure" comes in. They say this is a flat-type tax; it's a regressive tax where the children will pay, you know, the same as the rich and the seniors will pay the same as well. So they should have a tax system that does that.

I talked about the tremendous amounts of profits, you know, to them on northern Saskatchewan. I look at Cameco and they made approximately \$100 million last year. And I said to them, well even if they tapped you 1 per cent, you know, on the big corporations, if they put 1 per cent on the big corporations in northern Saskatchewan in regards to the uranium development, what the people will get in the North is \$10 million. Approximately a billion dollars is produced in the North in regards to uranium. And what I suggested, and I have suggested this this past three years to this government, I suggested that they should tax, you know, 1 per cent.

They said it wouldn't put them out of business — \$10 million from that \$100 million would still leave them with \$90 million. And they would still have a lot of money.

But what it is, is that the poor get the brunt of the attack. And so a lot of the . . . I remember the minister of Urban Affairs at that time — three years ago. I raised that point in a public meeting in La Ronge. And lo and behold! the following year they don't raise the tax on the corporation; they lower it by 1 per cent. They gave them — at that time it was over \$700 million worth of production — they gave them a \$7 million benefit.

(2145)

And that was the same time that they took away the subsidies for the people who were doing fishing in regards to pickerel and also to sturgeon. So I have mentioned this time and time again in regards to the different ministers, whether it is the minister of northern Saskatchewan and so on. And you know it was funny as I was travelling around a lot of the municipalities — I was speaking to the municipalities again — and we were talking about this tax. And they were relating it back to me in regards to this year's budget, Mr. Speaker.

And they were saying, how is it that the government comes out with a brand new report? You know they had a government just before a re-election. This is back in 1985. They had a tremendous report. They said they had done their wrong thing in the past four years and they are going to repent and they were going to make some changes for northern Saskatchewan. And this was in 1985.

And they were going to really come out with a Northern Development Advisory Council of the day. Of course, some of the key leaders had seen this before in '82 and they said, well we're not going to buy that. This is all just window-dressing. This is no way for a government to act. We want to see the results prior to an election. We want to see any contracts and that type of thing with the towns and development programs done before that time because they simply didn't believe the government.

Well lo and behold! Northern Development Advisory Council was done away with. And one of the ministers was from Swift Current who ended up to be a minister of the North — ended up doing away with a Northern Development Advisory Council with absolutely no involvement from people from northern Saskatchewan.

They never involved the people in northern Saskatchewan to develop this Northern Development Advisory Council which was to be the saviour on economic development and fairness for people of the North in the '85-86 period. But they didn't involve them as well when they took it away.

Now there was public pressure by the municipalities on this government. So the government had to come out with something. So there was going to be a demonstration up North in a couple of locations, and the government rushed up North and they quickly tried to make a deal with the mayors, and they did say that they were going to come out with this report. So they come out with this report and they tabled this a few weeks ago in the

legislature.

And basically the report talked about revenue sharing. Revenue sharing — I mean, it's a basic question. When you do taxation, then you do revenue sharing. Well they were saying they were going to do revenue sharing with the communities. The top recommendation was revenue sharing. A lot of the people were quite frustrated and they were quite a bit angry at this meeting because the government had turned around.

They had this bright, glossy little report which they spent money on and they cut back revenue-sharing grants to the communities at \$210,000. So a lot of the urban municipalities were saying, when I was discussing this issue of the provincial GST with them, they were saying, my goodness, this tax will get revenue. Sure, we knew it will get tremendous hundreds of millions of dollars worth of revenue, but will we see it? The government gives us the glossy report. They say they're going to revenue, and yet the same time they're giving us the report, they cut back \$212 million. They cut back \$212 million from the revenue-sharing formula to the communities.

They reminded me about the economic development proposal the year before when they were completely left out of the new legislation. They were supposed to . . . in regards to the economic development corporations throughout the province. Those economic development corporations in rural areas were able to get the legislation to help them out to be able to spend the revenue they get from taxation at their local levels and to promote economic development.

It's interesting — this government completely forgot about the North. I always recall this story back in 1983. They said that the North was populated with beautiful lakes and rivers, but no people. They said there was no people in the North. And of course it sort of reminded me about this map that they put out back in 1983.

And the people were again saying, they said maybe they've completely forgot about us again. And when I travel around, they say, we're hearing them; they're finally coming out with proposals and we heard that back in 1985. And they say they're going to start using these revenue-sharing dollars that they get from taxation and spend it for economic development, they said.

But we haven't seen too many things, they said. One person I was speaking to at the urban municipalities meeting said this to me, he said: look, they cut this 212,000 million . . . \$212,000 from our revenue sharing formula. They said they'll probably use that in the election and so on.

And the connection to the taxation, of course, is this: you tax and you provide revenues for municipalities, and I was just relating to the brand new report that was just tabled here in the legislature just very recently. So when people ask me about taxation, a lot of people say, well what are you spending it for? And they said that the government did have a good idea on revenue sharing. They were saying, my goodness I was just hoping they would follow what they were saying. But indeed the province simply was not following up on spending these

tax dollars.

The taxation system also affects a lot of the work force in northern Saskatchewan. Some of the people that do get hired do have a bit of earning power and they come back to Saskatoon with their salaries — although there used to be 50 per cent employed, you know, it's dropped down to 15 and 20 — and they do have a little bit of spending money now to buy, but they've really raised a concern to me.

I was in Cumberland again this week and then they said: my goodness, I thought I was going to be buying this car for this next while, he says, but I don't think I'll be able to do it. You know, I'm going to have to save some more money and keep this money in — whatever little that I have — in the bank and try and save some for the future. Because last year, he said, I thought I had enough money, but now I can't have the money because of the tax. So the tax itself is causing a lot of problems in regards to the expenditures, you know, throughout all their expenses. So I'm getting it, I'm getting information not only from the seniors, as I mentioned, but also the workers who do have a bit of money. And I mentioned the people who do fishing and also the people who do trapping.

But I'll tell you, Mr. Speaker, when I travelled around, I had never seen this in my nine years' experience as a politician in northern Saskatchewan. The small business, the small-business people — I've seen them very disappointed before, you know, in regards to some of the business plans that have gone down, but this time they were really, really, really . . . (inaudible) . . . And the petitions last week, you'll notice that they started coming in. You know, out of the 100,000 you'll notice La Ronge being mentioned and another northern community being mentioned, and as time goes on you'll see more and more of it. But it's very interesting that on that petition a lot of it is done by the business community. You know, sometimes it is done by our individual people, you know, our trappers and our other people in the community, but a lot was done by the business community.

I had come in and visited the community, the business people in La Ronge, and I'll tell you, they were very, very angry. I had never seen that much anger displayed. Usually people are very, very, I would say very patient. A lot of the people are usually very, very aware. They try to be as kind as possible.

The first phases that when people are a little bit frustrated with you they won't say anything to you. You know, they just leave you, exchange a couple of pleasantries and so on. But this time a lot of them were talking, and they were talking about the effect it would have on their particular retail store, in regards to their gas sales, in regards to this and that aspect.

And they were telling me. They said this is the worst thing that could ever happen to us. We already pay extra costs for transportation, they were saying. And here we are. Here we are in northern Saskatchewan trying hard to make a living. We know, they said, that it is hard for the farmers down South. We know that it is hard for the small businesses in the South; but in the North, they said, we have these extra costs.

And a lot of the people will purchase things. They tell me that they don't have that extra money. We have 50 to 80 per cent unemployment. Therefore, the effect on them is even worse than he would find in another city where there is a little bit more expenditures. So a lot of the small businesses are really hurt. And they're coming up and explaining that to me.

They're saying, make sure you let the government know that we are saying no to this provincial GST. We are also saying no to the federal GST, but they want to make a living. They said nobody wants welfare. None of the trappers want welfare. The people who do fishing don't want welfare. None of the people want welfare. They want jobs. They want economic development. They want the government to support them.

They hear about the Cargills. They hear about the Pocklington, and they hear about all this, Mr. Speaker. And it's a very, very tiring thing, you know, when they keep hearing that money. Not back in 1982, but it happens this year, and that's what really hurts them. I stand up here in this legislature, Mr. Speaker, looking at these different sectors in the community, and I really say that the tax really hurts them.

And I looked at the . . . I had a meeting with a lot of the women at the community level, and a lot of the women have to deal with the high rates of social services. I mean there was a 25 per cent increase on social services and that type of thing recently, in the past few years. And they're saying, with the unemployment rate, there's a tremendous amount social problems. And there's a tremendous amount of . . . there was increase in suicide rates, there was increase in the level of family problems. And a lot of people were not getting into revenue that they could use at their community level for economic development. And the taxes . . . they were saying, sure this tax is going to be collected, but how is it going to help our children? We see our children having to pay more tax, they said. Our children are going to university for the first time in many years; we've never had that opportunity to go to school, they said. And a lot of our children, they said, are having to pay these student loans — you know, 20, \$30,000 going in the hole.

And they're telling me, we have to deal with the tremendous sense of frustrations people have with rising alcoholism and a lot more drugs. And they said, we feel the brunt of it as women in the community level. And this sales tax, it makes it worse. They said, it's really a disturbing thing for us, they said. We see this tax, you know, taking . . . You add the federal one at 7 per cent, and this one at 7 per cent; it will be 14 per cent, they said. And there is hidden steps along the way, they said; it may be even as high as 15, 20 per cent.

And they're saying, how could it be that we can be hurt, you know, by this tax to such an extent like that, while the other big businesses get scot-free. The big businesses get big benefits, and we don't as people, you know, from northern Saskatchewan. So here we have many people, Mr. Speaker, who are hurt. We have trappers who are hurt, people who do fishing, the children are hurt, the seniors are hurt, the business people are hurt.

And, Mr. Speaker, seeing that it's near 10, I'd like to adjourn the House.

The Assembly adjourned at 10 p.m.