

July 6, 1992

The Assembly met at 1:30 p.m.

Prayers

## ROUTINE PROCEEDINGS

### INTRODUCTION OF GUESTS

**Ms. Stanger:** — Mr. Speaker, I'm pleased to introduce to you and through you to the Assembly, three very important people in my life: my daughter, Denise Stanger; her partner, Scott Seland; and my granddaughter, Desirae Stanger. Scott and Denise teach on a Dene-Tah Reservation in northern Alberta, and they are here on holidays. And I ask the members to welcome Denise, Scott, and Desirae.

**Hon. Members:** Hear, hear!

### STATEMENTS BY MEMBERS

**Ms. Stanger:** — Thank you, Mr. Speaker. Mr. Speaker, it is with great sadness that I rise to pay tribute to Pauline Jewett, a leader of women and a distinguished Canadian who passed away Sunday at the age of 69.

Ms. Jewett was a gifted academic and politician, a graduate of Queen's, Harvard, and the London School of Economics. She was a professor of political science at Carleton University and later served as head of its Institute of Canadian Studies.

In 1974 Pauline became the first woman president of a major co-educational university, Simon Fraser University in British Columbia. She was most recently chancellor of Carleton. Ms. Jewett served one term in 1963 as a Liberal MP (Member of Parliament) for Northumberland in Ontario. In 1979 Pauline was elected as a New Democrat MP for B.C. (British Columbia) constituency of New Westminster, Coquitlam and served three terms, retiring in 1988.

As critic for women's issues it was Pauline's perseverance that led to the adoption of an equality clause in the Charter of Rights. Without her contribution women may have continued to be recognized as unequal before the law. An External Affairs critic, Pauline was outspoken on peace and nuclear disarmament issues. Pauline received the Order of Canada in 1990 and was appointed to the Privy Council just four days before her death.

**The Speaker:** — Order. The member's time is up.

**Ms. Haverstock:** — Thank you, Mr. Speaker. Recently an unfortunate event took place in which several burrowing owl nesting boxes were destroyed near the town of Gray. When vandals destroyed these boxes they took with them three pairs of owls and up to 20 fledglings. The disappearance diminished the hope of reviving one of Saskatchewan's finest natural treasures.

Endangered species like the burrowing owl are a sounding-board for how well we treat our environment. If these shy hunters perish, if they become a memory, we can only fear for our environment as a whole. Where acts of vandalism give us reason for despair, Mr. Speaker, the

untiring and generous efforts of farmers and wildlife officials through Operation Burrowing Owl give one hope for the future.

Since 1987 the Saskatchewan Natural History Society has encouraged farmers to protect nests located on their land and introduce artificial nesting boxes. By all, just continue to monitor their well-being and are just now sorting out the mystery of where these owls migrate so that our winter habitat can also be preserved for them. Mr. Speaker, on behalf of the people of Saskatchewan I offer my sincere thanks to these selfless efforts.

In closing, I urge the people of our province to participate in efforts to promote responsible stewardship wherever possible so that our children and grandchildren will inherit an environment every bit as bountiful as the one we once possessed.

**Some Hon. Members:** Hear, hear!

**Mr. Knezacek:** — Thank you, Mr. Speaker. Few people have an opportunity to receive national recognition during their lifetime. I want to report to you, to the Assembly, and to all the people of Saskatchewan, that a constituent from my riding received such recognition within the last week.

Rita Swanson of Churchbridge participated in the national coin design competition sponsored by the Royal Canadian Mint. Her design was selected from 2,871 entries for the new Canadian \$1 coin.

The new design has nothing to do with the much-maligned loonie. It features the Parliament Buildings in the background and three children seated in the foreground facing the Parliament Buildings. One of the children is holding a Canadian flag while another child points to the Peace Tower clock which indicates 1:25. Rita was able to incorporate inspirational merit and artistic merit in her design.

As a bonus to winning the competition, Rita and her husband Cal were in Ottawa to participate in the official ceremonies on Parliament Hill. The new coin design was unveiled by the Hon. Paul Dick, minister responsible for the Royal Canadian Mint. Over the weekend the community of Churchbridge honoured Rita at a reception in recognition of her artistic ability and her recent achievement.

I would like to ask all the members of the Assembly to join me in congratulating Rita on her success.

**Some Hon. Members:** Hear, hear!

**Ms. Murray:** — Thank you, Mr. Speaker. This weekend, Mr. Speaker, from Thursday to Sunday, country music comes out of the closet again in Craven. The 1992 Big Valley Jamboree will take place, and it promises to be the biggest, best, most successful, and most profitable yet.

Not a lot of mosquitoes, not too much mud I hope; just a lot of happy tourists and music lovers and a number of very talented entertainers. The headliners consist of

established stars and up-and-comers, Canadians and Americans, young and old, men and women — something for everybody.

I am particularly happy to see that Canadian stars Rita MacNeil, Gary Fjellgaard, and Saskatchewan's own Buffy Sainte-Marie, will be performing. With that kind of talent it is no wonder that the Big Valley Jamboree has become one of Saskatchewan's primary tourist attractions and, closer to home, a major employer and contributor to our economy.

Finally, Mr. Speaker, the jamboree has reached the stage where it can fly alone, as it should, without the propping it has received over the last while. That's a real sign of maturity. And they will do it without government freebies, as the *Leader-Post* called them on Saturday — no free government booze, no special government tent for VIPs (very important persons), no free ice for free drinks — just good, clean, happy fun for everyone, on an equal basis.

**Some Hon. Members:** Hear, hear!

**Mr. Swenson:** — Thank you, Mr. Speaker. It's my pleasure today to report to the Assembly on a function that took place in my riding on the weekend. The town of Rouleau was celebrating its 85th anniversary, and they had a home-coming event that stretched through the entire weekend.

For those of you that don't know where Rouleau is, it's just south-west of Regina. And it's a community that has been a big contributor to the fabric of our province and indeed our country. People such as the Semen brothers from Bow Valley Industries in the oil patch were raised and grew up there; a number of entertainment people, a gentleman by the name of Nesbitt that wrote for the Wayne and Shuster show.

There was about 700 there on the street for supper on Saturday night, and they finished off with a street dance. They had the entire main street blocked off. And I can tell you, Mr. Speaker, that the folks of Rouleau were extremely proud of their heritage, wandering through the crowd that night, listening to them talk about their home town and community, their home province, even though many of them don't live here any more.

I think it really showed the spirit of our province and it was really a pleasure to mingle with those crowds till the wee hours of the morning as they celebrated their part of Saskatchewan history. And I think many other communities in our province would do well to look at the spirit that is in Rouleau, Saskatchewan, and know that our province is a wonderful place to live.

**Some Hon. Members:** Hear, hear!

**Mr. Calvert:** — Thank you very much, Mr. Speaker. Mr. Speaker, following on the member's statement by my bench mate, the member from Qu'Appelle-Lumsden, those of us who are regular visitors at the Big Valley at Craven this year will find something new at Big Valley, Mr. Speaker, and that's the presence of a large, white semi-trailer truck that will serve as a temporary recycling

depot from SARCAN.

**Some Hon. Members:** Hear, hear!

**Mr. Calvert:** — For the very first time, Mr. Speaker, the visitors and jamboree'ers at Big Valley will be able to recycle their drink containers right on site. And that presence of SARCAN at the jamboree will benefit those of us who are visiting, those of all of us who are concerned about the environment, and it will also be advantageous for service groups who collect containers for fund raising on the site.

Mr. Speaker, this will inevitably serve to even raise the return rate in the province of Saskatchewan, which it's now one of the highest in North America at 70 per cent. We predict with recent changes to SARCAN that return rate will raise to 80 per cent. Mr. Speaker, this government is shooting for 90 per cent.

**Some Hon. Members:** Hear, hear!

**Mr. Calvert:** — Mr. Speaker, I would like to give my personal congratulations to Carter Currie, other members of the SARCAN staff, to the Minister of the Environment and the department, and to the partnership of Saskatchewan people that is making Saskatchewan a leader in recycling.

**Some Hon. Members:** Hear, hear!

## ORAL QUESTIONS

### Economic Development and Job Creation

**Mr. Swenson:** — Thank you, Mr. Speaker. My question is for the Premier. Mr. Premier, your government was elected while condemning many of the economic development projects that the former government undertook to better the province of Saskatchewan. I can remember well the members of the now government campaigning against the fertilizer plant, paper mills, bacon plants, and so on. At the same time they were saying that we don't need this kind of diversification, and we're going to eliminate poverty in the province of Saskatchewan.

Mr. Premier, the facts are now in. In Saskatoon one out of ten people is on the welfare rolls, while the government throws away hundreds of jobs tied to the nuclear industry. Mr. Premier, given the shameful statistics that were brought out this last weekend, will you now reconsider this drastic move, and move toward bringing these much-needed jobs to your home city? Will you do that, sir?

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Romanow:** — Mr. Speaker, I thank the member for the question, and would answer as follows. First of all, our complaints about many of the economic projects which were advanced at the time when he was a member of the front benches, stem from the fact that huge sums of taxpayers' dollars, huge sums, were devoted in order to get many if not all — certainly many — of these projects located in the province of Saskatchewan with what we

have subsequently found out to be at least some limited return as a pay-back to the taxpayers.

In the context of a growing question of poverty, in the context of more people on welfare, our complaint was at that time, as it is now, that the priorities should have been for people. And that's something that your government did not exhibit.

With respect to the AECL (Atomic Energy of Canada Ltd.), ministers have indicated before, and I reiterate again, that we are in discussions with the appropriate federal ministers and with the appropriate people at AECL with the view of seeing whether or not there is an agreement that can be arrived at which accomplishes the objectives of AECL as well as the objectives of the people of the province of Saskatchewan as set out at the time that I made my statement respecting the initial deal.

**Some Hon. Members:** Hear, hear!

**Mr. Swenson:** — Thank you, Mr. Speaker. Question to the Premier. Mr. Premier, people aren't looking for those pat political answers that you have been giving this province for months and months.

The numbers on welfare in the city of Regina are up over 20 per cent from a year ago. *Leader-Post* article from July 4 says:

The number of people on social assistance in Saskatchewan has continued to grow at an "alarming" rate, in spite of the provincial government's pledge to eliminate poverty.

More children than ever are going hungry, and the number of families using food banks is on the rise at a time of year when demand usually drops.

Mr. Premier, the fact is that you have not come forward with a plan for the province of Saskatchewan to show the way in economic development so that all of these tens of thousands of people who are going on the welfare rolls will see some hope in the future.

Mr. Premier, there is a project in the city of Regina sitting waiting for your ministers' attention. Will you give assurance to the Assembly today that your ministers are actively reviewing the project to combine our expertise in manufacturing railcars along with our potash industry to take some of these people off the welfare rolls?

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Romanow:** — Thank you, Mr. Speaker. I thank the hon. member for the question once again. The answer is two parts. First of all, we're prepared to do everything that we can do to assist private enterprise or any enterprise to locate in the province of Saskatchewan in order for them to make a profit and in order for jobs to be created and to be maintained in this province.

But I'm sure the hon. member would agree with me that it makes little sense that in order for us to pursue that objective, the taxpayers of the province spend large dollops of their money in order to attract the business for

limited return, because that would not only take money away for the question of support for those who need it but it would also be counter-productive.

Business in the province of Saskatchewan realizes that we are virtually broke thanks to the last 10 years. Business in the province of Saskatchewan, and I say to business all over North America: if you play by the rules, you pay fair wages, you look after environment laws, follow the laws that we pass, you're welcome. But please understand that we are not in a capacity to give out large sums of money to the business people who can do the job for themselves, thank you, very well.

Finally, with respect to the second aspect of your question, namely the question of how the poverty or the social welfare rolls are increasing, I want to remind the member that the largest increase in the numbers of people on social assistance took place during the time when your administration was in office. Nearly 14,400 people was the increase, or an increase of over 35 per cent, all the while that you were following your so-called "successful" economic policy.

**Some Hon. Members:** Hear, hear!

**Mr. Swenson:** — Thank you, Mr. Speaker. Well, Mr. Premier, the 15,000 people on the welfare rolls in this capital city of ours are begging for a plan and an answer from you, not the answer you just gave this Assembly.

Your Minister of Economic Development was boasting in this Assembly a short while ago that he was in contact with over 700 companies that were looking to come to this province. Can the Premier today at least give some indication where we are with those 700 companies? Give us a list. Give this Assembly, give the people on welfare, some hope that there will be jobs in the future. Tell us how many of the 700 are coming to the province.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Romanow:** — Mr. Speaker, again I thank the member for the question. The Hon. Minister of Economic Development and Trade, my colleague the House Leader, will at the appropriate time in House estimates answer the detailed questions of the member with respect to this matter.

The members opposite laugh but they know full well of what we speak. And that is that the expressions of interest total the number that the minister has indicated. Not all of these are going to come to fruition; maybe a majority of them won't come to fruition. But we fully expect that a number will.

These are going to be deals which are going to be thought out. They're going to be done solidly; they're going to be financed on a solid basis. They won't be like GigaText, worked out on the back of an envelope. And moreover the member's question is predicated on a wrong and false assumption. Housing sales are up and housing starts are up. There is a sense of buoyancy and optimism in the province of Saskatchewan, certainly in the province of Regina now.

Sure we're in some difficult times. I think people all understand that, and we know we have a poverty problem. But I want to tell the member opposite that unlike you and your former administration and colleagues — people like Mr. Grant Schmidt who occupied the chair of Social Services — unlike then, when he said that there was no problem, at least we understand and recognize that there is a problem and we're setting about an economic social policy which is going to tackle that problem, and that's a huge benefit and step forward.

**Some Hon. Members:** Hear, hear!

**Mr. Swenson:** — Well, Mr. Premier, I hear the same rhetoric coming from the Premier as I did at election time last year. He criticized the economic development plans of the former government, very well I must say. But to hear it eight months later — the same litany saying, well just wait, just wait — simply isn't good enough.

This government has indulged in patronage when they said they wouldn't. They are firing hundreds of people in the civil service while back-filling with their friends. Even Crown Life, Mr. Premier, and FCC (Farm Credit Corporation) aren't going to be enough to offset the losses in the civil service alone.

Mr. Premier, your Minister of Finance has said he will create 2,000 jobs this year, and yet he will not tell this Assembly where those jobs are going to come from. Maybe today, Mr. Premier, you would enlighten the Assembly for the stuff that the Minister of Finance won't tell us. Tell us where those 2,000 net jobs are going to come from.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Romanow:** — You know, Mr. Speaker, I'm going to stop thanking the member for these questions because they're getting more difficult to understand. I say to the hon. member here, just take a look at the illogic of the question.

He says, for example, look at all the firings of civil servants that you have carried out, which means lack of jobs. And then he says in the same breath, of course they're being back-filled by people who are your friends.

Now there is either a loss by virtue of dismissals or there isn't a loss. You can't have it both ways. But nonetheless, as the member knows, and it's stated in the budget figures, we're targeting for a reduction of about 400 and 450 jobs — positions, not even jobs but positions — in the civil service.

And by the member's own admission, this was the advertised number for Crown Life. They said up to a 1,000 jobs. The FCC transfer is going to be a couple hundred more other jobs. Your mathematics do not count.

You accuse me of making political speeches. I say to you, sir, you and your band over there are about the only group left in Saskatchewan yet who hasn't realized that there's a change in government with a new direction based on

common-sense policy and compassion for the people of the province of Saskatchewan.

**Some Hon. Members:** Hear, hear!

**Mr. Swenson:** — Thank you, Mr. Speaker. Mr. Premier, the facts are before us. This province has a lower population since when you were last in power in this province in the 1970s, by the way.

You have almost zero inflation; you have low unemployment; you have people leaving the province; low interest rates. You should have all of the basic indicators that mean that this province should move ahead. And yet we have poverty rising faster than at any time in our history. I suggest to you, Mr. Premier, our poverty levels are going up almost as fast as the NDP's (New Democratic Party) numbers are in the polls going down.

Mr. Premier, when you reconcile these two facts side by side, we should have an economic boom going on in this province. Mr. Premier, tell the taxpayers of this province what your plan is.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Romanow:** — Mr. Speaker, the hon. member again is caught up in the inconsistency and the illogic of his argument. He says, you know, Mr. Premier, the numbers in terms of population are lower today when you're in office than they were when you left office. And I agree with him. That's because of 10 years of the policies of the PCs (Progressive Conservative) opposite that they're lower. That's exactly the case.

The basic indicators, he says, where are the basic indicators? Well the basic indicators are the people of the province of Saskatchewan know that we have some economic challenges and hurdles to overcome. Everybody understands that. But a lot of that is occasioned by the fact that you and your colleagues left this province on the verge of bankruptcy, and they also know that to be the case.

Now any government inheriting that in just eight months — in just eight months — has done a tremendous amount, as our government has done, in turning around the attitude, which is now optimistic, in opening up the books, giving a correct and factual set of the records of finances, putting it in a situation where the climate is there for investment.

And I say to the hon. member opposite that the argument that he advances is false, it's ill-directed, it is . . . I could use other words that my colleague has suggested, which I won't use, primarily because he knows one thing and one thing only. There is a change in government with new direction. We're not going to give money to your large, large corporations. This money goes to the priorities of the people of the province of Saskatchewan. That's the new direction.

**Some Hon. Members:** Hear, hear!

**Mr. Swenson:** — Thank you, Mr. Speaker. Mr. Premier,

this morning's *Leader-Post*: "More families use food bank." Over a hundred new families using the Regina food bank. Every economic indicator in this country says that you should be moving ahead, but because you don't have a plan, we have more families at the food bank.

It seems, Mr. Premier, that every time an NDP government is elected anywhere in Canada, we have more people on the poverty rolls — Ontario, a good example.

Mr. Premier, the way to rectify the problem isn't through phoney increases in the minimum wage or more welfare payments to people. The only way to change that around is to create economic development, sir.

Will you commit to this Assembly today that you will be tabling an economic development plan for this province before this session ends? Will you do that much for the people in the food bank, Mr. Premier?

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Romanow:** — Mr. Speaker, I'm pleased again I think to answer this question by the hon. member opposite.

I really find it incredible that anybody from the official opposition would dare to get up and talk about poverty. This is an absolute outrage. It is an outrage.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Romanow:** — The unmitigated gall of any member of the Conservative official opposition getting up and talking about poverty when it more than doubled in the 10 years that they were in office, when we became the province, shamefully, which had the highest rate of child poverty of any province in Canada, is an outrage. And that you should get up in this House to say this is absolutely incredible, Mr. Speaker. And the people of the province of Saskatchewan know that.

And not only did it double, Mr. Speaker, but while it doubled they actually paid no attention to the people of this province. They kept the social service rates down. They kept the child feeding programs down. We even, under desperate financial circumstances, have changed all of that to give assistance to those in need in the province of Saskatchewan when they did not do so, much to their shame. Mr. Speaker, I say it is absolutely incredible.

With respect to jobs, the question the member asked specifically, I can answer specifically. He said, is it our intention to table an economic development plan before this legislature adjourns or prorogues. The answer is yes.

And I can tell the members opposite, it will not be an economic development plan which sees billions of dollars going to the large, multinational corporations and the friends opposite, it will go to the people of this province.

**Some Hon. Members:** Hear, hear!

**Mr. Swenson:** — Thank you, Mr. Speaker. Mr. Speaker . . .

**The Speaker:** — Order, order.

**Mr. Swenson:** — Mr. Speaker, I have the gall to stand here today and ask these questions of the Premier because all I've got to go on is the true record of this government — a record that says it is closing hospitals, nursing homes, libraries, and schools; a record that says it is taking more money out of Saskatchewan's taxpayers' pockets than ever before in our history. It's a record that says they will hit the poor hardest by jacking up power rates and gas rates and phone rates.

It'll nail the elderly and take away their heritage grant, their pensions, and their nursing home funding. That's why I have the gall, Mr. Premier, because that's what is before the people of this province.

If this is the plan, Mr. Premier, that you're going to table in this legislature, maybe we should put it to some third-party evaluation. Maybe some people that do have some common economic sense should have a say in what your government's doing to determine the real impact on jobs, poverty, and the population level on our province.

Mr. Premier, maybe you should bring in some . . .

**The Speaker:** — Order, order. Does the member have a question? Order, order. I would like to the member to ask his question.

**Mr. Swenson:** — Mr. Premier, the fact that we have seen nothing in this legislature to give us any hope on the economic development front, would you consider bringing in some third-party assessment of your government's record?

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Romanow:** — Mr. Speaker, the last time we brought in a third-party assessment of the government's record it was the Donald Gass Commission, and they didn't like that third-party assessment. And I think that if we brought in another third-party assessment about what we have been faced with, they wouldn't like it either.

The member prefaces his question by saying, here we have a government with the highest taxes and all these cut-backs and the like. And the member from Rosthern applauds.

Well I tell you, Mr. Speaker, anything that the people of the province of Saskatchewan are now pulling together to overcome is due to 10 years of GigaTexts and waste and mismanagement and profligation of the kind that you would never see, and programs which simply had absolutely no merit at all. That was the last third-party assessment of government, Mr. Member from Thunder Creek.

We are going to be third-party assessed. We will be third-party assessed, Mr. Speaker, when the next general provincial election is called. We will put our record of fiscal responsibility and our support for local business against yours of waste and mismanagement and billions

of dollars to your big-business friends. That's the third-party assessment we are looking forward to.

**Some Hon. Members:** Hear, hear!

**Mr. Swenson:** — Thank you, Mr. Speaker. Just to set the record straight, Mr. Speaker, from the Minister of Finance's own economic assessment of the province of Saskatchewan: Saskatchewan's manufacturing sector is small but the construction of a second heavy oil upgrader, a fertilizer plant, and a pulp mill will help support economic growth in 1991 . . .

**Some Hon. Members:** Hear, hear!

**Mr. Swenson:** — . . . as well as other opportunities for more growth in the future. All projects of the former government.

Mr. Premier, the reason we ask for third-party assessment is what your two ministers involved with rural development have done to the province of Saskatchewan. Maybe we should have third-party assessment on the FeedGAP (feed grain adjustment program) program. Your home city of Saskatoon alone could lose thousands of jobs because of that policy.

We're increasing welfare. We're driving people from the province, particularly if the red meat industry goes under. And yet you say to the folks, trust us.

Well, Mr. Premier, they don't trust you any more. There are 19,000 people in your home city on the welfare rolls. Maybe it's time we had an independent assessment of the FeedGAP and some of the other agricultural programs. Would you do that before you wreck it all, Mr. Premier?

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Romanow:** — Mr. Speaker, the hon. members opposite there are in this mode of — how shall I describe it? — trying to overlook the 10-year legacy which they have strait-jacketed the people of the province of Saskatchewan around.

I understand that they have no other choice to do that. Because if one had a record as bad as their record, I think I'd be trying to chase any other kind of an object possible rather than defend what their record is.

I say to the people opposite in this legislature as I say to the people in the province of Saskatchewan, the game plan requires what we're doing. Get the financial situation of the province of Saskatchewan under control, first and foremost. Secondly, look to small-business people and the business community in this province and give them assistance. That's the second objective.

Third, we get back to the rural communities and the farming community to the best capacity that we can, to the best capacity that we can. In face of the fact that they have bankrupted . . . those, the people opposite bankrupted the ability of this province, this provincial government, to assist people in rural Saskatchewan. And fourthly, to look to Ottawa to do its job and stop off-loading on agriculture and other matters, face up its

job.

**Some Hon. Members:** Hear, hear!

**Mr. Swenson:** — Thank you, Mr. Speaker. Well, Mr. Premier, you don't have to listen to the official opposition. And I suppose you don't even have to listen to some good, third-party assessment of your government's track record. But it's really something when you see in the headlines of the newspaper that not-so-loyal NDPers need not attend.

Mr. Premier, your good NDP friends here in the city of Regina have to send out special invitations so that the not-so-loyal NDPers don't show up to a meeting to criticize your government. If you're scared of your own caucus, Mr. Premier, and you're scared of your own membership on these questions, don't you think it's time to do some second thinking? Think about the consequences of the decisions you've made so that at least, Mr. Premier, so at least you can have some of the people in your own party attend your meetings if they have some discrepancies with the things that your government is doing. Would you do that, Mr. Premier?

**Hon. Mr. Romanow:** — Well, Mr. Speaker, I assume . . .

**The Speaker:** — Order, order . . . (inaudible interjection) . . . Well that's fine. We can cut off question period and give about five minutes so that we can have some play in the House. But I thought we were in question period. It was very difficult to hear the member ask his question. It was very difficult to hear the Premier.

**Hon. Mr. Romanow:** — Thank you very much, Mr. Speaker. I thought I was here to answer about the activities of the administration of the government, but the members want to talk about the administration of the NDP. I don't know what he's talking about over there, but I can simply say to the hon. member opposite we have no concern about loyalty of New Democratic Party members at all.

And I want to tell you one thing. If there's any again caucus which has no credibility on this issue, it should be the members opposite who will remember about one year ago to the date when they didn't send out a notice but should have that the House leader for the PC government was so disloyal he got up. He couldn't take it any more. He quit the bankruptcy and the corruption and the incompetence of the government. We don't have that.

You worry about your loyalty of your friends.

**Some Hon. Members:** Hear, hear!

**Mr. Swenson:** — Well, Mr. Premier, you've done everything under the sun in this Assembly to keep your back-benchers happy. You've got commissions running around on everything from the store hours to the colour of the sky. But I tell you what, Mr. Premier, it's the bankrupt policies of your front bench and the Premier himself in this province that have got you and your government to the state that we are in today.

There is a veil of darkness dropping over this province,

Mr. Premier, because of your inability, your inability to get anything going in the province of Saskatchewan in the last 18 months. You refuse to take any responsibility. We simply hear political rhetoric.

Mr. Premier, a simple question. My final question to you. Can you tell this Assembly today one significant announcement that will give the tens of thousands of people on the welfare rolls of this province some hope that there's a reason for them to hang on, hang on until you come to your senses in this province — one announcement, Mr. Premier. That'll do today.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Romanow:** — Mr. Speaker, again the incredibility of the opposition is manifest in this question. Those of the members who have watched the proceedings in this House, and my colleagues in this legislature, will know that one of the recurring themes of the opposition is, you don't consult, you don't consult. You did this without consultation, you did that without consultation. And yet what is the member from Thunder Creek do today? He gets up and says, all you do is you consult too much. You got task forces on the colour of the sky. You've got task forces on the colour of somebody. You got task forces there, you got that . . . What is it?

Now look, people of the opposition, make up your mind. What is your plan? What is your plan as an opposition? Are we consulting too much or are we consulting not enough? And the former premier picks up two newspaper clippings. He's got two different kinds of plans — sometimes consult, sometimes don't consult.

Gentlemen, get in the real world. The election is over. You lost and there's a brand-new era of growth and hope and prosperity and compassion. Get on a baseball glove and join the game instead of sitting on the sidelines being doom and gloom. Join on the winning side.

**Some Hon. Members:** Hear, hear!

## MINISTERIAL STATEMENTS

### New Cobalt Radiation Treatment Unit

**Hon. Ms. Simard:** — Mr. Speaker, I rise today to inform this Assembly of one of the steps being taken to address the health needs of the people of Saskatchewan. I'm pleased to announce that this afternoon the Saskatchewan Cancer Foundation will officially unveil a new cobalt radiation treatment unit at the Allan Blair Memorial Clinic in Regina. The \$1 million unit began treating cancer patients a month ago. And I am pleased to say that the addition of the new unit has led to a great reduction in the time cancer patients must wait to gain access to this vital treatment.

The addition of this unit brings to three the number of cobalt treatment units at the clinic, and has led to a reduction in waiting times from six to eight weeks a year ago, to two and a half weeks now. It has also allowed for more effective treatment schedules. The clinic currently provides cobalt therapy to 10 patients a day. That number is expected to increase to 20 patients a day by the end of

this month.

Mr. Speaker, the demand for radiation therapy is increasing steadily. The incidence of cancer in our society is rising at a rate of about 2.5 per cent a year. And researchers are finding that there are increasing types of cancer which can be successfully treated with radiation therapy.

I am pleased that my department has been able to work with the Saskatchewan Cancer Foundation and the Allan Blair Memorial Clinic to provide this life-saving equipment to the people of southern Saskatchewan. Thank you.

**Some Hon. Members:** Hear, hear!

**Mr. Neudorf:** — Thank you very much, Mr. Speaker. And I want to commend the minister on her statement and the steps taken. I think when it comes to cancer, I don't believe that there is a family in Saskatchewan that is not in one way or another being affected by the most dreaded killer of mankind over the years.

And I know whereof I speak. I know I lost my dad about three years ago to cancer, and my brother last year to cancer as well. And when we hear of the increased rate, I believe that Madam Minister read two and a half per cent per year. Researchers are telling us that cancer is on the rise.

And when we think of the skin cancer threat that is upon us right now, I think anything that we do, not only in a treatment sense but also in the preventative sense, by making awareness part of the process as well as the reactive kind of situation that treatment is, then I think we would make large headways in the threat that cancer has on the lives of Saskatchewan people and indeed the people of the world.

There's one question that I would have for the Madam Minister. And that is, as far as the treatment in the Pasqua Hospital for the special children's ward in the Pasqua Hospital, for the children there that are receiving chemotherapy in treatment of cancer, I have been asked to ask the minister if she would make a commitment that that ward will stay in Pasqua Hospital, and that the children that are receiving treatment there will continue to receive that treatment in this hospital.

So all in all, Madam Minister, I think that the announcement that you have made today is something that the opposition takes a certain amount of . . . I don't know if pleasure would be the right word, but thankfulness, I suppose, for a lack of a better word, that you are taking these steps. But I would ask you to make that commitment to the children's ward in Pasqua Hospital in Regina. Thank you.

**Some Hon. Members:** Hear, hear!

## INTRODUCTION OF BILLS

### Bill No. 66 — An Act to amend The Industrial Development Act

**Hon. Mr. Tchorzewski:** — Mr. Speaker, I move first reading of a Bill to amend The Industrial Development Act.

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

## ORDERS OF THE DAY

## WRITTEN QUESTIONS

**Hon. Mr. Tchorzewski:** — Mr. Speaker, I convert to motions for return (debatable).

**The Speaker:** — Motions for return (debatable).

## GOVERNMENT ORDERS

## SECOND READINGS

### Bill No. 53 — An Act to amend The Farm Financial Stability Act

**Hon. Mr. Cunningham:** — Thank you, Mr. Speaker. Mr. Speaker, at the end of my remarks I'll move the second reading of The Farm Financial Stability Amendment Act, 1992, (No. 1).

Mr. Speaker, part six of The Farm Financial Stability Act, the provincial government provides guarantees to lenders who make loans to associations for the purchase of feeder cattle or female breeding cattle on behalf of association members.

The loan guarantees have been an effective way for government to encourage growth in the cattle sector. The benefits of this program, called the feeder breeder loan guarantee program, is to assist Saskatchewan farmers in the development of the cattle industry. The program has served Saskatchewan farmers very well and has been well received by them, and the program is helping to build the livestock industry in Saskatchewan.

The program allows for groups of six or more individuals, not corporations, to form an association either as co-operatives or as a corporation. The association is formed for the purpose of borrowing money on behalf of its members in order to purchase feeder cattle or breeder cattle.

(1415)

Members must provide minimum deposits — 5 per cent for feeders, 10 per cent for breeders — and these deposits are collected in an assurance fund. The assurance fund is the association's common risk money and it adds greater security to the loan. The association can draw on the assurance fund in the event of a member or members are unable to pay back loans made on their behalf. The assurance funds must be used first before government guarantees can be called on. The advantage to farmers who join the association is that they can usually obtain more favourable interest rates because of the government guarantee and the assurance fund.

Briefly, the programs benefits are: number one, access to

money that might not otherwise be available to individuals; two, more favourable interest rates; and three, low deposits to the assurance fund.

As of June 10, 1992 there is a total of 103 feeder and breeder associations in Saskatchewan. Of these, 25 are feeder associations only, 4 are breeder associations only, and 74 are breeder and feeder associations.

The government loan guarantees on feeder cattle total 22.9 million, and the guarantees on breeder cattle total 9.5 million, for a total of 32.4 million in government loan guarantees. This is a substantial amount of money; it is imperative that it is protected.

However the Act requires some changes in order to ensure that the farmers' assurance fund and the government guarantees are more fully protected. The amendments to the Act will help to ensure that the risk to the government guarantee is minimized by being able to deal more effectively with potential problem areas. Increased accountability will be placed on association members and livestock dealers to ensure soundness of transactions and loan repayment.

Mr. Speaker, the amendments to the Act are necessary to protect the feeder/breeder associations from purchase arrangements that might otherwise result in a claim on the assurance fund or the guarantee. The amendments will clarify the current legislation which explains when a guarantee can be withheld. Authority to deny future guarantees is needed to protect the investments by program participants and the Government of Saskatchewan guarantee.

The amendments also ensure that proper procedures are used by licensed livestock dealers, and they ensure that custom feedlot facilities can be assessed by the local provincial supervisor. The balance of the amendments will clarify existing requirements.

Mr. Speaker, these amendments to The Farm Financial Stability Act will allow for the continuation of a program that has proven of benefit to our livestock industry. At the same time these amendments will prevent abuses of the program, will protect members of the association, and will limit risk to the government.

For these reasons, Mr. Speaker, I'm pleased to bring forward the amendments to The Farm Financial Stability Act, and I ask all members of this House to support it.

Therefore I move The Farm Financial Stability Act, 1992, (No. 1), be read a second time. Thank you.

**Mr. Martens:** — Thank you, Mr. Speaker. I took the liberty, Mr. Speaker, and Mr. Minister, to send the Act to feeder associations across the province, and I've been getting some response and some concerns that have been raised. And I will raise them for you to consider at this point, and then I will move to adjourn the debate.

The one very large, single concern that has been raised by individuals is the frequency that animals will have to be branded before they're allowed to be taken by the individual to their own pastures or to the feedlots. And



that has raised a great deal of concern on their part — if the individuals have to brand them before they can move them out of the premises that they have purchased them at the livestock dealers. And I know the concern that has been raised.

But I want to raise this concern, that the more . . . I am a livestock owner and raiser and I have had considerable experience in this area, and I know that the more we do this sort of thing, the more frequently we brand our livestock, the more people will begin to say, that's not the way to do it. And I believe we need to take some precautions about how often we're going to stamp our possessive ownership on each one of these animals. And I've raised this with a number of packing plants and I know that they're concerned about it too. They lose a value in a hide of about \$2 for every brand that's located on them.

And, Mr. Speaker, and Mr. Minister, having been in the cattle business all my life, I have purchased cattle with a half a dozen brands on them and that is not necessarily the right thing to do. I know that they need to have an identification, and perhaps that needs to be addressed. The associations are coming forward saying that the process is not being jeopardized, although the department and the government may think they are.

The second point that they've raised with me, and I want to point that out to you, is that the method that you're using to reduce the risk on government guarantees, and that is that the risk is going to be spread over the individuals who have the loan . . . the assurance fund in the . . . against the cattle that they have a loan against. And that is being raised by a number of them because the understanding that they have of it is that their whole assurance fund will have to stay in the feeder association in order that they become a credible risk to the government.

And I just want to say that if you have 103 of them, one of the reasons why you have is . . . the program was initiated to get a rate at the lenders that was reasonable and could effectively increase the livestock industry in the province of Saskatchewan. That was the first reason.

The second reason was that the government give a guarantee so that the individuals could have a more fluid cash flow within their jurisdictions where the paperwork by the creditors and by the individual would not have to be so lengthy. And that was another. It sped up the process.

The third reason why this was done, and to ensure that the government would be at reduced risk, was to require that the assurance fund which you mentioned was at 5 per cent for the feeders and 10 per cent for the breeders, was a significant amount to offset the risk that was involved.

And, Mr. Minister, the people have said to me that that is sufficient to cover the risk that the government takes in relation to the guarantee. Because the government is only guaranteeing 25 per cent, if you really take a serious look at it. They're only guaranteeing the 25 per cent of that feeder association or the breeder association loan. And so they have at their disposal risk capital involved at 5 per

cent of the total mortgage, and that is significant too.

I want to point out that there is another point that has been raised with me, and I believe this to be accurate. One of the things that is required on the breeders' associations — and we had meetings in Swift Current where the majority of these associations are located, and we had meetings with your directors of program for the association and they understand this — and that is that calves on the breeder association side are asked to be branded when they're less than two weeks old. And this raises a very, very serious concern whether in fact the guarantee is on the cows or whether the guarantee is on their calves. And that, Mr. Minister, I think is an assumption that should be reconsidered and allowed to have a view from the feeder associations and the breeder associations brought forward.

They also contend that some other identification should be required and could be required on these animals other than a brand. And I will just use my own for an example. If we were to put the feeder association brand on these two-week-old calves, there would be five brands on that calf before he was a month old. And that, Mr. Minister, is I think not acceptable. And I believe that that should be changed and adjusted so that it would be less onerous on the livestock. And I don't believe it's any less stressful on a cow than it is on a calf.

So I just raise that as things that we're going to be bringing forward for discussion in Committee of the Whole. I have other things that I'm going to plan on saying later on, so I'm just going to move to adjourn debate, Mr. Speaker.

Debate adjourned.

#### **Bill No. 59 — An Act to amend The Agri-Food Act**

**Hon. Mr. Cunningham:** — Thank you. Mr. Speaker, members of the Legislative Assembly, Bill 59 is an Act amending The Agri-Food Act. The Agri-Food Act was passed in the summer of 1990. The Act deals with the development and marketing of agricultural and food products in Saskatchewan by agencies such as development commissions, development boards, and marketing boards.

Legal opinion informs us that the Act's language is not clear and precise on the point that producer agencies established under the Act can own shares in companies which are set up to accomplish purposes related to the development and/or marketing of the agency's product.

Therefore we propose to amend the Act to ensure that the intent is clearly and precisely stated and that these agri-food agencies are provided with the power to hold shares in companies. The ability to own shares in companies which can develop and market the products generated by Saskatchewan agricultural industry is an effective business tool. All of our Saskatchewan agricultural agencies should have the opportunity to have access to this business tool.

The amendment will enable the Lieutenant Governor in Council to grant development and marketing agencies the power to hold shares through regulations. The

legislation is enabling only. The Lieutenant Governor in Council may also place terms and conditions upon the exercise of this power by any agency through regulations.

We also propose to lower the voting threshold both for establishing and amending marketing and development plans to not less than 60 per cent of producers who vote rather than a majority of all eligible producers. In conjunction with this change, the Lieutenant Governor in Council would have the power to fix minimum numbers of votes required to establish boards and amend their plans.

We also propose to amend the Act to ensure that members of development and marketing agencies who are elected by producers have their rates of remuneration and their reimbursement set by producers rather than by Lieutenant Governor in Council.

As well, we propose that the elected development commissions be allowed to appoint their own auditors at annual general meetings rather than one appointed by them . . . for them by the Lieutenant Governor in Council.

Mr. Speaker, and members of the Legislative Assembly, I encourage you adopt these amendments to The Agri-Food Act. Therefore I move that Bill 59, An Act to amend The Agri-Food Act, be read a second time. Thank you.

**Some Hon. Members:** Hear, hear!

**Mr. Martens:** — Mr. Minister, and Mr. Speaker, I want to commend the government for bringing forward the portion of that Bill that deals with share ownership and its relationship to agencies like the Saskatchewan Hog Marketing board which have a considerable problem in dealing with Moose Jaw Packers in relation to this. And I want to commend them for bringing it forward.

We, at the conclusion of our term of office, had this in mind, that we were going to that. And we had brought it forward with discussions from the hog marketing board who were having this problem and other agencies who need to have an opportunity to deal with this. We're going to be asking some questions in committee on the 60 per cent that you have in quite a few places in your Bill and we want to know how they interface with what's there today. And we will be asking those questions in committee.

Just to take a little bit more serious look at the things that have been said by the minister, Mr. Speaker, we will do that probably next day. And therefore today I move adjournment of debate.

Debate adjourned.

#### **Bill No. 61 — An Act to amend The Residential Tenancies Act**

**Hon. Ms. Simard:** — Thank you, Mr. Speaker. I rise today to move second reading of The Residential Tenancies Amendment Act, 1992. These changes are proposed to streamline the operations of the Office of the Rentalsman. The procedure for resolving security deposit disputes will

be amended so that the Rentalsman will be served with documents and become involved only after it is determined that there is a dispute between the landlord and tenant.

The current legislation contemplates the Rentalsman be involved in every case. The requirement for the Rentalsman to investigate every complaint will also be removed. Instead, a procedure more like that used in small-claims court will be adopted to ensure that a hearing is held in every case. This change is being made on the recommendation of the Ombudsman. It is his view that this will make the procedure fairer.

(1430)

Under the new process the person making a complaint will be issued a notice of hearing to serve on either party, and each party will be responsible for bringing his or her evidence before the Rentalsman. However, the Rentalsman will retain the authority to investigate complaints or convene hearings if such action is considered necessary or advisable.

To ensure that the Act is constitutionally valid, landlords and tenants will be given the alternative of having their residential tenancy disputes resolved in the Court of Queen's Bench.

The Rent Appeal Commission will also be eliminated. Appeals from the orders of the Rentalsman will go to the Court of Queen's Bench. All rent review and rent control provisions will also be repealed. These amendments are being made to reduce the costs of the Rentalsman program while at the same time maintaining a high level of protection for renters.

Mr. Speaker, I move second reading of An Act to amend The Residential Tenancies Act.

**Mr. Toth:** — Thank you, Mr. Speaker. Mr. Speaker, I rise today just to raise a couple of points, and certainly commend the government for bringing forward the legislation as rental disputes have been something that have come across my desk on a number of occasions. And I . . . if I understand the minister rightly, the minister has indicated that certainly the idea is to try and simplify the process and hopefully lower the costs. And I don't know, when you get into disputes between two parties, certainly it takes a fair bit of time and effort on the part of any individual — and in this case, the Rentalsman — to come to an agreement or to try and ascertain which party is at fault and how to deal with the disputes that have arisen.

So, Mr. Speaker, we would like to take, and will be taking, a further look at the Bill just to decide how we should be questioning . . . the line of questioning. And so at this time I would adjourn the debate.

Debate adjourned.

#### **ADJOURNED DEBATES**

#### **SECOND READINGS**

**Bill No. 52**

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Ms. MacKinnon that **Bill No. 52 — An Act to amend The Senior Citizens' Heritage Program Act** be now read a second time.

**Mr. Goohsen:** — Thank you, Mr. Speaker. There are a couple of areas of concern in this particular Act. Just the other day I was talking to an older gentleman from my constituency who expressed his concerns, and I think probably that keyed me to the fact that we should take a second look at this program.

His major concern, of course, was the fact that it's being reduced to begin with, from the 30,000 down to \$22,000 income. He feels that that was very unfair and he asked me if I would bring that to the attention of the government. So I'm taking this opportunity to express that opinion for him.

He feels that that is an unfair reduction to people who have come to expect this particular amount of money to come into their incomes each year. And he feels that the government is placing too low a level on incomes to be in reality with our present day circumstances of the high cost of living and the high cost of maintaining homes for older people who don't have very high incomes.

The second thing that he expressed his concern about was the reduction of the \$500. I think it was from \$700 before. And he felt that while \$200 doesn't seem like a whole bunch of money to people who are in politics or some other profession where they have a steady job, cheque coming in every two weeks or every month, that doesn't seem like very much money . . . but to a person who's on a fixed income on retirement, \$200 suddenly becomes a very significant amount of money if you happen to be that much short at the end of the month or at the end of the year.

And so he feels that here again this is a cut-back that was done sort of at the spur of the moment because the government had an overwhelming need to balance its budget, and so decided to take a clip out of everybody but didn't take into account the fact that a lot of folks may now have to resort to going to other forms of the welfare system or the social services resources that are available to people in our province.

And so he wanted me to express that concern, and I've done that here for him and on behalf of the other people who have expressed those concerns.

The other major concern, of course, that he has is the sunset clause under 5(3). And of course the sunset clause means exactly that. I guess it says that the seniors' heritage program will not be offered after 1992. And without some sort of indication that there would be a replacement program or some other kind of an approach to providing people with the monies that they're now going to not have in the future, he feels that it leaves seniors, especially those that don't have a whole lot of money stored up in bank accounts, leaves them in a very vulnerable position in terms of worrying for the rest of the summer as to whether or not there will be some kind of

other program for next year.

His words were that if they have any plans at all to assist us next year, would they please let us know so that we don't have to sit here and pull our hair out and wonder if we're going to have anything to substitute for this program after the end of this year.

So those are his basic concerns and basic worries, and I think they're justly put. Older folks have a tendency to need security in their lives. They don't have the ability just to bounce out into the work-force or out into the labour market and pick up a new job or pick up some extra cash doing something else.

They pretty well are in a situation where they live by the rules that have been in place for a long time. They kind of gear their lives towards that direction of working with what they have from year to year. And it's awfully hard on them when they finally find themselves with programs being cut or things being adjusted. I think they're probably more vulnerable in these areas than any other people in our society. And I think it's unfair for our seniors to be treated cruelly, and I hope that this isn't a cruelty. And I hope that it's just a lack of recognition of a problem that has been created in the process of trying to re-evaluate the programs that are presently in existence.

So having said that, I hope the government will take that into account, will take into account the need for security for old folks, and let them know that there are some other plans available for them.

With that, I'd like to study this a bit more, Mr. Speaker, so I would move that we adjourn debate.

Debate adjourned.

**Bill No. 35**

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Wiens that **Bill No. 35 — An Act respecting the Production, Supply, Distribution and Sale of Milk** be now read a second time.

**Mr. Martens:** — Thank you, Mr. Speaker. I want to raise a few points on the Bill before us under the sale of milk, production supply, and distribution. The matter raised with me by the dairy producers . . . or the milk producers from across the province have raised some concerns that I want to bring forward and I think that the government should listen to. I think they're relevant and I think they're important.

One of those items that they indicated, that they did see serious erosion of their own independence of the Milk Control Board. And the Milk Control Board has functioned as an independent agency, arm's length, I would say, from the government for something like 50 years. And because of that, it has gained its own set of expertise within itself to manage itself.

And the milk . . . dairy producers . . . the milk producers of the province, which are the people who milk the cows, the dairy producers on the other hand, are those that belong to the dairy producers co-op — that's the

significant difference between the two — the milk producers have said that they see an erosion of their own independence.

The other thing that was of concern to them is the lack of consultation by the minister in dealing with this very, very, I guess, emotional feeling that they have towards the Milk Control Board. They feel very slighted in that they were not asked about a number of things.

And there are three basic areas that they didn't feel that they were asked enough questions about. The first, and I think one of the most important, is that the minister has the authority under this Act to appoint temporary members to the board, the Milk Control Board, to in effect override any decision that the board may make that the minister may not agree with. In that way, I think, it's a very serious problem.

And I want to point out to the government that they should take a very serious look at that, that deals with the membership in the Milk Control Board. And I want to point that out, that being section 5 — I know I can't deal specifically, Mr. Speaker, with various sections, but that deals with section 5 in this Bill — and it's a problem that the milk producers have pointed out to me.

Another area that raises a concern on the part of the milk producers of the province is that the assignability of quota is a concern that is raised from just the inflexion of that in one portion of the Bill. And that is also a part of this whole Bill that causes them a great deal of concern.

The third item that I want to raise, and I raise that from the perspective of some of the things that have been happening . . . we've seen happen from government side is that the government is taking it upon themselves that the minister may without warrant enter facilities.

And I want to take that as a serious infringement on personal rights of property. And I want to point that out, that it is, in my opinion, a serious problem and it deals with how the government and the minister may take a look at various parts of the individual's books. He may take a look at his facilities. Without a warrant he can enter. And I don't think that those things are right.

And I think that the government should take a serious look at how they have put this into place and how they are dealing with it.

I want to point out that these three items, among others, are areas that we will be bringing forward in Committee of the Whole. There are a number of other questions that we're going to raise. One of those is that, are the control areas in the province going to remain?

We acted in that way prior to the last election and we want to ensure on behalf of the people who milk in this province that they have that freedom to know that the restricted areas, P.A. (Prince Albert) as an example, will have that same opportunity to develop their milk industry that they have today. And I wanted to make sure that that happens.

I also, Mr. Speaker, want to ask the minister a number of

other questions. I think that he'll be forthcoming at that time. I want to know whether on the board, whether he has any idea of replacing the general manager, who is the chairman of the Milk Control Board, with another person who would be appointed to that position. Those are some of the questions I plan on asking.

The reason this is a very sensitive issue is because the producers have evolved what they have today over 50 years. They have evolved a production industry based on managing the supply within themselves. And they've done it according to what they believe to be the right thing to do. They've managed to keep their production something close to their consumption. And that's an important part.

They're sensitive because they've had a decline in their quotas because of the national concerns raised by Quebec for example, because they've had a major, lion's share of the production. And also, Mr. Speaker, they have had a significant export opportunity which the people of Saskatchewan have not had.

The other item that is very sensitive is that, as it relates to our volume of production in fluid milk and in the skim milk industrial milk process, that portion, those two items in the fluid milk, the province has stayed very close to its production, to its population base as a balance. But in the industrial side it has not been able to get enough quota back from concerns in Ontario and Quebec. And therefore, Mr. Speaker, it's a very sensitive issue and we're going to raise that as we deal with it in questions.

Therefore, Mr. Speaker, I will allow the Bill to proceed and we will be asking those questions in committee and deal with it at that time. But I want the minister to prepare himself for discussion in those areas so that we can have time to fairly deal with the kinds of things that are very sensitive and very concerning to the milk producers in the province of Saskatchewan.

Motion agreed to, the Bill read a second time and referred to a Committee of the Whole at the next sitting.

(1445)

**The Speaker:** — Before we turn to the next item, I wonder if the members, by leave, would allow the Speaker to introduce a guest.

Leave granted.

## INTRODUCTION OF GUESTS

**Hon. Mr. Rolfes:** — I notice a friend of mine and a long-time colleague has entered the Chamber, sitting in the Speaker's gallery. Karl Baumgardner is in the Speaker's gallery. Karl is a long-time educator in this province. I had the pleasure of having Karl as my boss at E.D. Feehan High School for four years, from '82 to '86 when I was put on leave by the people of Saskatchewan from this Assembly.

I want to welcome Karl here this afternoon. I ask all members to join with me in giving a warm welcome to Karl Baumgardner.

**Hon. Members:** Hear, hear!

## ADJOURNED DEBATES

### SECOND READINGS

#### Bill No. 49

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Shillington that **Bill No. 49 — An Act to amend The Mortgage Protection Act** be now read a second time.

**Mr. Toth:** — Thank you, Mr. Speaker. Mr. Speaker, the Bill we have before us would discontinue totally The Mortgage Protection Act. I think we just need to take a moment to remind people across this province of the reasons for the introduction of the Act a number of years ago in the early '80s.

Mr. Speaker, at that time we're all very familiar with the high interest rates that people were facing. And certainly it wasn't just affecting the agricultural sector in our province, but it was affecting consumers across this province, and in many cases young consumers who had just moved to purchase new homes in the late '70s when interest rates were somewhat reasonable and then found themselves on short-term mortgage programs, and then when their mortgages came due, only to find their interest rates rising from the nine and three quarter, and the twelve and three quarter to the 17, 18, and 21 per cent which we all recognize, Mr. Speaker, created a hardship and in many cases would have seen the fact of many of these home owners and consumers losing their homes because they just weren't in a financial position to pick up the burden that was being placed on their back by the increase in mortgage payments.

Therefore The Mortgage Protection Act was brought in at that time which put a ceiling of twelve and three quarter per cent interest on home mortgages. And then back in 1986 it was dropped to nine and three quarter per cent interest as interest rates fell, Mr. Speaker.

And then again it was increased, I believe, back in 1989. It went back up to the twelve and three quarter rates because at that time interest rates had come to the point where the fee . . . It was a strong feeling within government that we needed to at least consult with consumers and encourage consumers to maybe take additional looks at reopening their mortgages, going to financiers or to lenders, and maybe tying in long-term, low-interest loans.

Now I can see the government at this time bringing in an Act to totally eliminate the program. But one begins to wonder. Yes, we are facing very low interest rates at this time. However, Mr. Speaker, it would appear to me that the very low interest rates we're facing are very short term. When a person goes to apply for a loan, you may get a yearly term but it's very difficult to get a long term.

And it would have been my feeling, Mr. Speaker, that maybe it would have been appropriate . . . or I think it would have been appropriate for the government to set a

ceiling on what the protection would be. And if the interest rates fell below that, then the consumer would be picking up that . . . they would be paying for it.

And what it would have done really was then suggested to the consumer — and maybe through consultation they should have taken the route of talking to consumers and seeking their guidance and suggesting they look at re-amortizing their loans through the private mortgage system, or going to many of the local banks and renegotiating their loans and getting them in . . . I believe today you can get mortgage loans in that neighbourhood of 8 to 9 per cent interest.

Mr. Speaker, we really don't have a lot of major problems with the Bill that's before the House. But as I indicated, the feeling is, we just wonder how long we will see interest rates at this low level that we see today. And one only knows, we may only be 24 months or 36 months away from higher interest rates again which would then put an added burden on home owners and may even put the government in a position where they may have to take a second look. And maybe it would have been more appropriate, rather than bringing in another Bill down the road, to set a ceiling, set a cap, and having it in place where it would have automatically picked up.

But at this time, Mr. Speaker, we don't have any other comments on second reading and therefore, we will let it go to committee.

Motion agreed to, the Bill read a second time and referred to a Committee of the Whole at the next sitting.

#### Bill No. 50

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Shillington that **Bill No. 50 — An Act to amend The Financial Administration Act** be now read a second time.

**Mr. Swenson:** — Thank you, Mr. Speaker. Mr. Speaker, I don't have a lot of comments to make on this particular Act today. I have taken the liberty of sending across to the Associate Minister of Finance, some proposals that the opposition would like to see in the way of amending provisions of this Act.

They deal with the public accountability side of it whereby we are proposing that not only the members of Public Accounts be limited in receiving this particular information that the government would table, but that in fact any member of the Legislative Assembly would receive that information upon its tabling with the House.

And we think it's the type of amendment that works with the government in promoting accountability of the Legislative Assembly, that it puts the onus on individual members in this House to avail themselves of information as it comes forward.

Certainly some of the things that the Act talks about, where you would have changes in the operating grant to Crown corporations and how it would affect that Crown corporation if they were in a net loss position or in net gain position and what would happen to those monies,

are important items to the legislature.

And we would just, at this time, allow the Bill to proceed into committee so that the minister has the opportunity to review our proposed amendments to the legislation and we can discuss it at that time.

Motion agreed to, the Bill read a second time and referred to a Committee of the Whole at the next sitting.

#### **Bill No. 32**

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Mitchell that **Bill No. 32 — An Act to amend The Public Trustee Act** be now read a second time.

**Mr. Toth:** — Mr. Speaker, at this time we don't have a lot of further comments regarding the present Act. We do realize it does give increased ability of the Public Trustee to act on behalf of persons under their responsibility, such as children or people who are incarcerated or say a mentally dependent or handicapped adult. And just by looking through the Bill, we don't have major problems with it; therefore we will allow it to proceed to committee.

Motion agreed to, the Bill read a second time and referred to a Committee of the Whole at the next sitting.

#### **Bill No. 42**

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Lingenfelter that **Bill No. 42 — An Act to amend The Consumer Products Warranties Act** be now read a second time.

**Mr. Neudorf:** — Mr. Speaker, we don't have any comments to make on this Bill at this time, but certainly during the committee stage we have some questions that we will be directing to the minister. And at this time we're going to let the Bill move on to committee stage.

Motion agreed to, the Bill read a second time and referred to a Committee of the Whole at the next sitting.

#### **Bill No. 45**

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Lingenfelter that **Bill No. 45 — An Act to amend The Business Corporations Act** be now read a second time.

**Mr. Swenson:** — Thank you, Mr. Speaker. Once again the tenets of this Bill are such that I don't think any further comments needs to be made in second reading on it. The questions that we have will be done in better in Committee of the Whole. And we at this time would like the Bill moved forward.

Motion agreed to, the Bill read a second time and referred to a Committee of the Whole at the next sitting.

#### **Bill No. 47**

The Assembly resumed the adjourned debate on the

proposed motion by the Hon. Mr. Lingenfelter that **Bill No. 47 — An Act to repeal The Health Research Act** be now read a second time.

**Mr. Neudorf:** — Thank you, Mr. Speaker. Bill 47, we have some grave concerns about this Bill. In itself it appears to be somewhat a simple Bill because all it does is it repeals The Health Research Repeal Act. Now by having a repeal Act like this, what you're doing is essentially destroying the board that has been set up for research. And that board was set up prior to this through legislation. And you cannot adjust or manoeuvre, or perhaps manipulate would be a better term, a board and the conditions on which it has been set up if every time you want to do that you have to go through the process of making amendment to an Act. It's rather a complicated process in this legislature.

Now what we see here is The Health Research Act being shelved. It's being repealed. It will no longer exist. And all of its obligations, rights, assets, and liabilities are going to be transferred over and become the rights and obligations of the health services utilization and research commission. And that's quite a mouthful, Mr. Speaker.

But basically what it means is that this board is no longer going to exist, and a commission is going to be set up rather. And obviously this commission is now going to be set up by an OC, an order in council. It is going to be cabinet that's going to not only appoint the members on this newly formed commission but it's also going to have the right, willy-nilly, almost on a daily basis to make adjustments and to change the parameters under which this committee is going to work. In other words it's going to become a creature of cabinet, a creature of order in councils.

And that is a strenuous objection that we have to this heavy handed manner in which this government is going to be acting. So we have some severe concerns about this procedure, Mr. Speaker, and in committee we are going to be addressing those concerns.

But at this point, Mr. Speaker, we won't be asking for a further adjournment, but rather let this Bill now go before the committee.

Motion agreed to, the Bill read a second time and referred to a Committee of the Whole at the next sitting.

(1500)

#### **Bill No. 27**

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Cunningham that **Bill No. 27 — An Act to amend The Rural Municipality Act, 1989** be now read a second time.

**Mr. Goohsen:** — Thank you, Mr. Speaker. Well this is quite a lengthy Bill. And it has been gone over I think rather thoroughly by the minister in charge in the last administration.

The Hon. Neal Hardy, who is no longer here, had gone to some length to consult with the Saskatchewan Association of Rural Municipalities and with various reeves and interested people throughout the municipal structure in our province. It was one thing that you could always give him credit for was that if he was going to do the job he would take as much time as he needed to consult with everyone before he made a final decision on how

things should go. He did an excellent job of that.

He was well respected throughout the entire country. The rural area people would see him coming and folks would just stop whatever they were doing and say, hi Neal, how are you doing? Everybody knew him. Everybody knew that he was a fair man, that he was above reproach in every way, and that if they had any kind of a just cause, he would stop, take the time to consider it, and would react appropriately. He knew that rural people were not frivolous or foolish and he reflected that in the way that he dealt with the public.

I guess the members opposite don't agree with that position but it happens to have been the truth. And because he is not here to defend himself, I will do it for him. He was probably one of the best ministers that this province has ever had and especially in the area of rural development.

We who served as reeves and councillors during his period of administration were always happy to see him there. And we always encouraged the government to keep him in that position because he did truly reflect an honest opinion to us of being genuinely concerned with our problems and genuinely willing to try to help with everything he could.

In fact I recall him making a statement at one point that he would take his entire treasury to the SARM (Saskatchewan Association of Rural Municipalities) and let them tell him how he should spend it for the betterment of rural Saskatchewan and the department that he served. And he in fact did that in his own way. He laid it right on the table. And people in the SARM assisted him to decide where the money should best be spent to serve rural Saskatchewan.

As a reeve, I was phoned personally and asked my opinion. And I placed a very high regard on that kind of a personal approach to administering the funds in the province.

At that time we were short of gravel on many of our roads. We in our municipality are fortunate, Mr. Speaker, in that we have a lot of gravel available. A lot of municipalities don't have that. But at the time we were having trouble with cash flow, as many of you may recall, and I guess that's not a new problem for anybody. But in municipalities we sometimes find ourselves without the dollars to get things done.

So we found that we couldn't get the gravel from the pits onto the roads because of cash flow problems. We didn't want to increase taxes for that purpose at that time. And Mr. Hardy decided to come up with the rural gravelling program.

And that gravel program assisted in a way that allowed many thousands of miles of roads that were previously just dust and dirt and mud, to become gravelled,

all-weather roads serving school buses and farmers and business people in all of the other industries throughout our province.

Now when we take a look at this particular Act here today, we see that an awful lot of changes are being made. But in reality, as we studied it through, we found that fortunately an awful lot of the work that Mr. Hardy and his department had done last year and about half of the year before that.

In reassessing the Act — which I have a copy of here in my hand; it's rather a big thing — but in reassessing that Act, they went through it pretty well page by page, line by line, with the Saskatchewan Association of Rural Municipalities representatives. And most of those recommendations for change that I guess we would best term as a housekeeping approach, were taken care of at that time but they were never legislated. And we find that they are now showing up in this particular Bill. And we're happy for that part of it.

Unfortunately, there are a couple of things in here that reflect the nature of this government. And I hate to offend the members opposite so early in the afternoon, but the reality is that they have a tendency to do the sneakiest, devious kind of things occasionally. And it reflects their whole approach to government so far in the last seven or eight months.

And I guess that, Mr. Speaker, is why people out in the country have started to come to me and say how distressed they are that they don't feel they can trust the government of their province. Because everything they do seems to be almost above board and then something sneaky slipped in underneath.

And in this one we have, for example, a whole Bill of changes that reflected probably a year and a half of consultative work done by the previous administration, and then at the last minute they slip in something like this.

And I'm just going to read this one little clause so the people are sure to understand exactly what's coming here. And when we first read this over, we had to go back and reflect on it again. And it's under section 4(1), and it's a section to amend. And under (c) of that section it says:

by adding the following clause after clause (d):

“(e) may amalgamate municipalities by combining two or more municipalities into a single municipality”.

In other words, Mr. Speaker, the old Act provided the minister with the power to do separations within municipalities and to amalgamate part of one municipality to another in the event that there was a request by the municipalities for that.

If a municipality, for example, had one division cut off from the rest of the municipality by a river or a range of hills or some other natural obstacle, it might be in the best interests of the folks who lived in that area to have that part of their municipality join with another municipality. And so it made eminent sense for the minister to have the

ability and the power to grant a request by municipalities to transfer a part of those properties from one place to the other.

We have situations where school boards don't follow the same boundaries as municipalities, and that same kind of common sense approach for the minister to be able to take, say, two or three townships out of one municipality and apply the tax base to another municipality, thereby giving a family access to a school that is closer or a legal right to be on a school bus that takes their children to a closer school.

Those kinds of things make eminent sense to have the minister have the power to make the necessary adjustments and changes.

But this doesn't allow for the kind of changes that were provided for before. This provides a minister with the actual power to set up a county system. By a stroke of the pen, the man can sit down and realign the boundaries of the entire province into counties. And there would be no further question in this very House in this very Assembly. Because once this Act is passed, the minister will have the power to set up a county system because he can amalgamate more than one or two or three or five municipalities into one unit, and he can do it by his own discretion with a stroke of the pen and set up a county system.

For many years the people of Saskatchewan have resisted that change. Now I won't stand here and tell you that county systems are bad. I'm not even sure they are the worst thing in the world, but I do know that the people of Saskatchewan have resisted them most emphatically. Through the 1970s, there was a great campaign against moving to the county system in our province. And people showed beyond any question of a doubt in rural Saskatchewan that they did not want their municipalities to be amalgamated, that they did not want to go to a county system.

And here we have a Bill that slips in one little clause under the table — probably in the dark of night — that allows the minister to set up a county system without any reference whatsoever to accountability to the people that it will affect. There is no provision in here that the minister would go to people and request from them their opinion. There is no provision in here that the minister in charge would talk to folks, that they would have to request it first, or anything like that. He might simply decide to do it.

And now I'm sure that the minister in charge will sit there and say — as we've heard once before in this Assembly — I'm not that kind of guy, he'll say. And I'd probably have to agree. Maybe he's a nice fellow. Maybe he would never do that.

But how long would he be the minister in this particular cabinet? He might not be there next year, and the new minister with this new power might say, well shucks, we'll just make south-west Saskatchewan one municipality. And we'll fire all those administrators that write us all these nasty letters about taking away our FeedGAP, about turning our pasture lands into wildlife habitat programs — all these administrators that do the

kind of work that municipal councils and the ratepayers ask them to do.

They are hired because for the most part they are well educated people who can type well and who can formulate good quality letters. And this government with a new minister might say, well just get rid of them all. We'll amalgamate them all. Have one municipality, and then we'll only have to get one letter from the whole area.

Well, I mean, that's carrying it to an extreme, but it does point out to you exactly what this one little clause can do to an entire Bill. It can give dictatorial powers to one minister to absolutely abolish the entire municipal system. He could amalgamate every municipality in this province into one and have one municipality in the province of Saskatchewan. Absolutely ridiculous. Bill 27, that's what we're looking at. Take a look. Read the lines. No. 4 on page 2, and it says he "may amalgamate municipalities by combining two or more municipalities into a single municipality."

In other words, he can take as many municipalities as he wants and put them together by arbitrarily declaring it to be so. He can make that decision on his own. The minister will have that power. It is an awesome thing to ask after so many people have gone to so much trouble for the last 30 years to declare their resistance to the county system in Saskatchewan.

It's not likely, I'm sure, Mr. Speaker, that the minister in charge intended when he wrote this Bill that it would have that sweeping a power. But it does have the power, and therefore it must be considered. And it must be considered with the power that it has. And that power has got to be reconsidered and removed because, quite frankly, I think it's unfair.

And to put people in a position where they might have this imposed upon them without so much as a hearing, without so much as a discussion, would be the epitome of foolishness in this province. Because people would simply declare that this is a revolutionary move and I think we would probably end up having a major protest on our hands that could quite simply be reduced or even eliminated simply by going back to the old wording of the statute which quite adequately, Mr. Speaker, took care of the needs of the province as it was.

There is no need, absolutely no need, for the minister to have this kind of power. The wording under the old Bill provided the minister with all of the discretionary power he needed to provide people with the changes that they requested from out in the country. If they requested a change he had that power, but he didn't have the power to arbitrarily amalgamate the municipalities.

I think that most of you are aware that in Alberta they do use the county system. And in all fairness, I will say that it appears that it can work well. But it's not fair, in my opinion, to put it into a Bill that the minister has the power to make that change unless the people themselves are not only consulted. If this is the secret plan of the government, then let's consult the people; let's write it into the legislation that they will at least have a vote on the matter or some input into it before it is sprung on them.



And if that isn't the intention of the government to use this power, then why take it? Why have it?

And so I'm saying that it is either a devious plot to introduce the county system or else it's far too heavily worded and far too heavily weighted law in favour of the minister. And if that is the case, then if it's not the plan to use it, then why have it? We should remove that part of it. We should go back to the old wording in the old Bill. And I would very seriously, Mr. Speaker, ask the minister to withdraw the wording, to lay at rest the concerns and the worries that are out in the country because of this statement.

And it was thought by SARM . . . when I first became aware of this Bill, I phoned them and talked to them and they thought it was the same housekeeping Bill that they had worked on for a year and a half prior. And they said that in that event they were quite happy that the housekeeping was being done. But when we read the fine print and pointed out to them that this particular statement was in there, they became very, very upset by the fact that this wording had been changed to the way it is, because it has nothing to do with what was negotiated or discussed with the SARM people over that past year and a half when Mr. Hardy was in charge.

And so if it isn't something that you need, take it out, because it has a lot of people worried. If it's something that you feel you need to have in there and you leave it in there, then you are telling us that you intend to use it. And if you do intend to use it, you are going to run into some very stiff opposition out in the country.

(1515)

I wonder if you folks have taken the time to realize how many jobs you will eliminate if you go to a county system in Saskatchewan. And maybe that's something we will have to look at in the future. But in a time of recession when the province is desperately in need of jobs for people, if we can possibly afford the structure we have now, we provide a lot of good jobs for people as administrators and secretaries in the structure that we have. If we eliminate municipalities we eliminate a lot of those jobs. If we eliminate a lot of those jobs, an awful lot of the spin-off goes with it. There's that aspect of it to consider.

If you're thinking of amalgamating municipalities into larger municipalities or some kind of county system, you also have to consider the fact that you're going to lose that personal contact with your individual people in rural Saskatchewan. Folks no longer will have access to an office that is close to home. Because as soon as you amalgamate you're naturally going to have to centralize your offices to bigger centres or to some obscure other place. And if you do that, people just by nature of having to travel further to get there, won't have that same kind of contact that we've developed with the rural people in the municipal offices.

It has almost become a sort of an educational process, an extension service, if you would. Now I realize that the Agriculture department provides agricultural

representatives that do extension work in the country. But rural administrators in rural municipalities do as much of that kind of work right now as any other department set up by the Department of Agriculture. You will be hard pressed to find an administrator in Saskatchewan that can't answer just about every kind of problem or question that comes up with regards to provincial policy, whether it be Rural Development or the Department of Agriculture. And it would be a shame if we were to put in jeopardy that whole process and that whole system, just because somebody decided to slip one little line into a piece of legislation.

Now once again I will reiterate: if you don't need it, why not go back to the old wording. If you feel that it has to stay, then you are sending a signal and that signal will be read loud and clear by the SARM and by every municipality in this province. And that message they are going to read if you leave this line in this legislation is that you secretly intend on challenging the boundaries of the municipalities in this province.

And we cannot let that go unnoticed, and I hope that you have taken very serious attention to this question. I have no intention of personally trying to hold the House up any longer with this Bill. We're going to let it go into the committee so that we can get on with the process, but we are aware of what the potential is in the Bill. You now know that we are aware of it. You know that every municipality in this province is aware of it because we have told them. And you are aware that SARM knows what's going on because we have told them as well, and they have taken the time, Mr. Speaker, to speak out against this Bill at their district meetings throughout the province.

I wasn't at the meeting but it has been reported to me that the president of SARM spoke at least for 15 minutes himself at their district meetings in opposition to that one line in this Bill. And I think it would not be fair for me to collect my wages if I didn't bring it to your attention here today, so I've done that.

And I want you to be very serious about this. There's a lot of people out in the country that are very concerned about one line in this Bill. And it is a big one, it concerns a lot of stuff, but there's only one line in it that really frightens them and scares them. And I encourage you to pull that line out and use the old wording.

Thank you, Mr. Speaker.

The division bells rang from 3:19 p.m. until 3:23 p.m.

Motion agreed to on the following recorded division.

#### Yeas — 29

Van Mulligen	Johnson
Tchorzewski	Trew
Shillington	Serby
Koskie	Sonntag
Goulet	Flavel
Atkinson	Roy
Carson	Scott
Cunningham	Wormsbecker
Upshall	Crofford

Hagel	Stanger
Bradley	Keeping
Koenker	Kluz
Lorje	Carlson
Murray	Haverstock
Hamilton	

**Nays — 8**

Devine	Martens
Muirhead	Britton
Neudorf	Toth
Swenson	Goohsen

The Bill read a second time and referred to a Committee of the Whole at the next sitting.

**Bill No. 36**

The Assembly resumed the adjourned debated on the proposed motion by the Hon. Mr. Cunningham that **Bill No. 36 — An Act to amend The Parks Act** be now read a second time.

**Mr. Neudorf:** — Thank you very much, Mr. Speaker. An Act to amend The Parks Act is rather a difficult Act to understand, and as result I did make available this Act to many of the RMs (rural municipality) in the other areas and jurisdictions that would be affected by it because I could not figure out exactly whether to agree or to disagree.

And to give you an example, on section 5(2)(g), it says:

“(g) contained within the boundary commencing at the intersection of the east bank of Hanin Creek and the bank of Candle Lake; thence north-westerly along the bank of Hanin Creek to the north boundary of the north-east quarter of Section 31, in Township 56, in Range 23, west of the Second Meridian; thence east along the north boundary of the north-east quarter of Sections 31 and 32, in Township 56 . . .”

And it goes for a page and a half of single-spaced, small typewritten.

And not knowing exactly how to react to it, I sent it to the various RMs, Mr. Speaker, and I'm pleased to report that they see no substantial problems with it. Not to say that there won't be questions in the Committee of the Whole later on, on some other issues. But having made those preliminary remarks, I will say that we will allow this Bill to go to committee.

Motion agreed to, the Bill read a second time and referred to a Committee of the Whole at the next sitting.

(1530)

**COMMITTEE OF THE WHOLE****Bill No. 29 — An Act to amend The Education and Health Tax Act****Clause 1 (continued)**

**Mr. Muirhead:** — Thank you, Mr. Chairman. Mr. Minister, I haven't had a chance to have a little debate with you since the Appropriation Bill back in the end of May, but I don't really enjoy debating with you because you got a record of the minister with no answers. You just don't do it. But I'm hoping you're going to be in a different mood today, Mr. Minister, and you're going to answer some questions.

I had a problem in my riding, and I suppose it's all over the province. And maybe this has been addressed, Mr. Minister, but here's the situation. Where a person made a contract prior to the E&H (education and health tax) being raised to the 8 per cent — it was still at 7 — now the ones that wrote 7 per cent in their contract, E&H tax to be added to the contract, now I've been asked by them to what's going to happen when they have to pay the 8 per cent. Do they still pay the 7 or do they pay the 8?

**Hon. Mr. Tchorzewski:** — Thank you for the question, and I took a little time because I wanted to find out what has transpired over a period of time. I am told that in 1987-1988 when the E&H tax rate went up from 5 per cent to 7 per cent, there was this difficulty of contractors who had in fact had contracts in place and were caught with the 2 per cent change. What has happened in the interim is contractors have been advised that when they do write contracts that they should make provisions for the possibility of some tax changes of this kind, and therefore have been under that advisement.

And so with the change in the tax rate from 7 to 8 per cent, it applies in their case.

**Mr. Muirhead:** — Mr. Minister, what you're saying, if that contract was written up at 7 per cent and now they're coming down to settling their contract and if it's at 8 per cent, they'll have to pay the 8 per cent. Is that what you said, Mr. Minister?

Well, Mr. Minister, I don't think this is fair. That's another one of your tax grabs. It's unreal.

Now for the contractor out there that just wrote in, plus E&H tax, he's all right. But I've got several in my constituency. Some are real small. I got a plumber in my area that it means \$450 to him. But \$450 when you're going broke is a lot of money. But I also got a contractor that built a school. And he had 7 per cent written in his contract, and he's pretty worried about this 1 per cent breaking him.

Surely to goodness, Mr. Minister, there must be some way that you can do something for these people because you've done enough . . . this government's done enough to hurt contractors out there. They got to belong to unions even to get a contract.

And, Mr. Minister, I would like you to . . . I ask you sincerely if you can do something for these contractors that have written a contract in good faith at 7 per cent E&H — it's been now changed to 8 per cent — and if somehow or other we could be some compensation for

this 1 per cent.

**Hon. Mr. Tchorzewski:** — Mr. Speaker, that has been a long-established practice which contractors are familiar with. This is a practice that was applied in 1987-88. It was fair 1987-88 . . . or not fair in 1987-88. The same thing would be in the case in 1992. There's nothing changed. This is the way it has always been done.

The only difference is that since 1987-88 people were notified to prepare for this kind of possibility. This is the practice that's applied at the federal government level. It's a practice that's, as far as I know, applied at every other provincial government level. So it's not as if we're doing something different or unique or extreme here.

The contractor will have to renegotiate or try to renegotiate with the person with whom he has the contract. And I know that in most cases some of those arrangements can then be made because the people with whom the contracts are made, school districts for example, will recognize that that's the way the system works.

**Mr. Muirhead:** — Mr. Minister, you say they've been contacted. You keep going back to 1987, '88, '89, and whatever, when this happened before. And you said they were contacted. Were they contacted now?

You won the election in the fall of '91 and there's been contracts written up after that date before you changed your E&H and grabbed your other 1 per cent. Now be it as it may, were the contractors in this province contacted before you done that to make sure that they wrote in their E&H tax or 8 per cent?

**Hon. Mr. Tchorzewski:** — No, the contacts that were made were made after the '87-88 period. Certainly as the member from Thunder Creek will tell the member from Arm River, we cannot in advance indicate to people that there's going to be a tax change. If that were done, you know the difficulties that that would create and the advantages that some people might take out of it. So it is not possible to let people know ahead of time that there is going to be a particular tax change particularly such as this one because of the unfairness that that would apply.

**Mr. Muirhead:** — Mr. Minister, that doesn't make any sense whatsoever. You said before they were contacted and notified. All they'd have to do is . . . And you say they were notified then. That doesn't help a new contractor, a contractor that's brand-new since those years, and which there would be . . . under our government there was naturally lots of new contractors. They're going to all disappear under your government, we know that, because they won't survive with these kind of tax grabs.

I asked you if you notified them. You don't have to say there's going to be an increase in taxes. All you have to do is notify a contractor that when they write up a contract, plus E&H tax. The ones that did that, the bigger contractors that knew this could happen, they just put in their contract, plus E&H. They're all right because they can write in the 8 now. But the ones that knew that it was at 7 per cent and wrote in the 7, they're stuck for another 1 per cent.

My question, Mr. Minister, do you realize that there could be many, many contractors in this province who made a contract last fall, knowing that things were tight, and just tried to break even to keep employment for their staff and what not, and 1 per cent can break some of them. It's serious. If you have a large contract, 1 per cent is serious. Is there not some way that these people can be compensated, Mr. Minister?

**Hon. Mr. Tchorzewski:** — Mr. Speaker, the onus is on the contractor. I've not been involved in that kind of a business, but I've been close enough in my working life to be involved with contracts to know that any contractor in the business will have provisions in the contract which will say: here's what the contract is; here's what my price is, subject to certain uncertainties that could develop which one can't predict.

You have those provisions in there for wage changes. You have those provisions in there for tax changes. That's a normal, standard contract that any contractor who signs a contract will have in it. In your case I don't know the case. If it's an individual case and he wants to . . . he or she wants to indicate to us what the particular circumstances are, I will look at it. But I'm not going to give a commitment that we're going to make some provisions because there's nothing unusual here. We're following commonly established practices which the business community knows and usually makes provision for.

**Mr. Muirhead:** — That's right, there isn't anything unusual, Mr. Minister. You said yourself back in 1987-88 that the contractors were notified, but under your government it isn't unusual. It looks to me like it's a tax grab or a change of contract just like you did in the GRIP (gross revenue insurance program) program. I mean that's what's causing this uproar in Saskatchewan. It's what caused these bells to ring for 18 days and may cause them to ring some more. Your government's even trying to bring in rule changes to change it so we can't . . . you can't bring the GRIP Bill back in. That's how bad this government is.

So now you're saying, well we didn't notify all the contractors that you should write in your contracts, plus E&H. Now maybe most of the big ones did, Mr. Minister, maybe they did say, plus E&H tax. But what in the world are we going to do for the likely dozens and dozens and dozens of little contractors out there that just said, plus 7 per cent tax?

Now I think this is very unfair, Mr. Minister. And I think that surely to goodness if there's only a few out there or whatever, that if their contractor is going to be held to pay 8 per cent and they're only going to pay him 7, that could break him. That could be . . . 1 per cent could be the difference whether he survives or not.

I think you can do something. Surely to goodness you can do something.

**An Hon. Member:** — Is there a question?

**Mr. Muirhead:** — Yes, I said surely to goodness you can do something. Can you not do something? You just

finished saying two or three times you have no intention of doing anything. But you did say to me, if you have an individual he or she . . . there's more than one or two individuals. You can find out there's hundreds out there in this province, of little contracts.

I mean I'm only talking about one from Davidson, Saskatchewan now, Len Schmiedge. That's the one that's on my mind. It was \$450. But he was just a small plumber and a small contract. And he has to pay that extra \$450.

And then I have a big one, Con's Construction, out there that is involved in building a school. And he wrote 7 per cent in.

They're asking me to ask you to have some heart for them and do something about them. We'll have the big contractor that knows how to write these contracts up. And I would say that they probably were putting plus E&H tax — plus tax. But for the ones that wrote it right in their contract, 7 per cent, surely, Mr. Minister, something that could safeguard these people.

Will you do something about it?

**Hon. Mr. Tchorzewski:** — Well there's nothing I can do about it, Mr. Chairman. The practice is there. People in the business world know what the practice is there. Anybody in business by and large knows that when you write a contract you have to have provisions in it which protect you against certain things.

We can't protect every single individual who may have not had such a provision in. Because when you have government policies you have to apply equitably across the piece as a provincial policy.

Quite frankly, for the member's opposite information, I have yet to receive a communication in my office from anybody who's been caught in this. That's not saying there are some people who haven't been. But I think the fact that there has been no communication or correspondence in my office tells you that it's not a widespread concern.

**Mr. Muirhead:** — Mr. Minister, you stated it just right on the money. You said a contract and you're breaking the contract. Because if this individual did write 7 per cent into the contract, whether it be 7 per cent, 5 per cent, 8 per cent, whatever, he had a contract. Now why would after he . . . and that's when he started his work, took on the contract.

Why would this government at the end of the contract make him pay the other 1 per cent? I can see that if he just wrote in there, plus E&H tax. If you raise it to 8, 9, 10, they should have to pay it. Whoever they're doing the work for would have to pay him. But if there's 7 per cent in the contract, now maybe some people are just paying the 7 to you. That's the unfairness of it.

And I'd like you to check into that, Mr. Minister, because maybe some people got a 7 per cent contract. Maybe they even had a deposit on that contract last fall, and maybe they're even paid for. And then when they come to settle up, naturally it's only at 7 per cent because the contract . . .

So what you'll be doing is actually breaking a contract. You can't go back and say to somebody, because you've raised the tax today it's at 8 per cent. I'm not talking about that. A contract was written prior, and it's written as a contract at 7 per cent.

Is it the policy . . . Let's ask it this way because maybe there is a misunderstanding out there in Saskatchewan. Maybe there is a . . . And that's why you're not getting letters. Maybe it's only some people that are saying, I guess I got to pay the 8 per cent. Maybe some are only paying the 7. Can you find that out from your department whether those people are paying the 7, when they had a contract written up prior to the increase, or how is it, Mr. Minister?

**Hon. Mr. Tchorzewski:** — Well, Mr. Chairman, we're not privy to the individual contracts. It's none of our business. And it's not a contract which the government has. It's not the government's contract. The government isn't breaking a contract.

The government is applying a taxation measure, which people know and contractors know from time to time governments have to do. And that's why business people and people in the contracting business always have or should have in the contract a provision for — here is what my cost is, subject to tax changes or wage changes or any other such certain things.

If the member will look at any contract, the kind of which he talks about, he'll see that those provisions are there. It's a standard form in a business contract. We're not changing any of that. We just have to assume that most business people if not all business people will know that that's the way you do business.

**Mr. Muirhead:** — Okay, let me ask you this way, Mr. Minister. Here's a contractor or an individual. He makes a contract, and we'll say it was in September or October, November of last year, before your increase of your 1 per cent. So they have a contract for X amount of dollars and cents, and it's plus 7 per cent E&H tax, plus 7 per cent.

All right, he gets paid for that contract after . . . or the remainder of his contract after the 8 per cent is in. And he just collects 7 per cent and sends it in. Maybe that's all he's paid, is the 7 per cent.

My question was if you have some way of finding out whether some people are paying 7 and some are paying 8?

(1545)

**Hon. Mr. Tchorzewski:** — Thank you, that's a useful question. The answer to the question is yes, there is a way in which you can determine those things by the normal audit process. Now it's too early to do that but when the audit is taken in this particular case, then the same determinations will be made. So the answer is yes. In the normal audit process we will be able . . . or the department will be able to determine what kind of standing the contractor has and what provisions have been made.

**Mr. Muirhead:** — All right, Mr. Minister. Now when you audit that and you find out that a contractor has sent in 7 per cent as per what his contract was at the time of making up his contract and you find out he paid 7, will you be going after him for the other 1 per cent?

**Hon. Mr. Tchorzewski:** — The answer is that legally he's responsible for 8 per cent.

**Mr. Muirhead:** — Where do you draw the line, Mr. Minister, when that contract was written . . . You said to me yourself that a contract's a contract. And these contractors all know what they have to pay. Where do you draw the line legally here? Because let's make sure you're right. That a person's got a contract at 7 per cent interest . . . or 7 per cent E&H tax and he pays 7 per cent but at the time that he actually gets paid and pays it, it is at 8. Now does he pay at the 7 per cent it was at the time of contract? Does he really by law owe the 8 per cent? Because I don't think you really have that clear. We may have to get an answer from Justice on that one.

**Hon. Mr. Tchorzewski:** — No. If the individual, the case in point, purchased materials prior to the implementation of the 8 per cent, at the 7 per cent tax rate, the 7 per cent tax rate will apply. But any materials that were purchased after the time of the tax measures putting into place, then the 8 per cent would apply.

So depending on the circumstances, that's why the audit is important. Depending on those circumstances a determination can be made on what he actually owes on E&H tax.

**Mr. Muirhead:** — Okay. Then what you're saying that if a contractor, whatever he's building, whatever — a house, a school, a hospital, or whatever, whatever it be — and he bought his material at 7 per cent and he'll be charging his contractor . . . or whoever he's building for, he'll be charging them 7 and he gets to be charging 8 on what he bought after the fact. That's what you're saying.

**Hon. Mr. Tchorzewski:** — Sorry. And I guess maybe I was misunderstanding the line of questioning. That's exactly right. If he has a contract for X number of dollars and he bought his materials and paid for those materials before the E&H tax came in, then the 7 per cent . . . before the increase came in, then the 7 per cent would apply. Any materials he buys after the date of the increase in the E&H tax, he would then pay 8 per cent on those things that were purchased after the E&H tax came in.

**Mr. Muirhead:** — All right that could be fair enough. But now I ask this question. There is sometimes a contractor . . . would it be applied the same this way then? That a contractor has a contract to do the work, and whoever he's doing the work for, they're buying a lot of the material. And this is where I think some of the problem's coming in.

So I ask you this, Mr. Minister, because this is kind of . . . we're kind of getting it out here. I think we understand each other, and I do have just the two individuals in my constituency . . . and why I was saying . . . and they told me there's more. And maybe there's misunderstandings. Can I have your undertaking, Mr. Minister, that if I take

this information back to my two contractors — it's Schmiedge Plumbing and Con's Construction. It was a lot of money for him, it was building of a school — that I could send them to your office to get this straightened out.

**Hon. Mr. Tchorzewski:** — Well sure, we would be interested in trying to help them out and getting this clarified so they know where they stand. They should contact the revenue division in the Department of Finance, and they'll give them an interpretation and indicate what the situation is. Or you can contact my office except you'll just go to my office and they'll send you down there. So you're better off to go straight to the revenue division in the Department of Finance and get the goods.

**Mr. Muirhead:** — Okay, thank you, Mr. Minister. I just have one more question I'm going to ask you. And I don't know, some of my colleagues maybe have some more here. Why — I'd like to have in your words, Mr. Minister and Deputy Premier — why when at election time and prior to election time you said there would be no tax increases, why have we even got this 1 per cent here. Give me in your words why you broke your promise?

That's what you did. You literally broke the promise that there would be no tax increases. And I don't want you, Mr. Minister, to stand to your feet and say, well the Tories left us in such bad shape because we . . . and that we had to do these things, when we know that you know that it's on the record where you said, you admitted that there was a \$3.5 billion deficit when we took over, so you can't come back with that line.

And I'd just like in your own words as Deputy Premier and Minister of Finance, to ask me why you put the 1 per cent on.

**Hon. Mr. Tchorzewski:** — Well the answer is very straightforward, one which I have given in this . . . on the committee in this Bill many times over. The government is faced with a situation of a deficit. Under the status quo, had we left things as they were at \$1.2 billion this year, I don't think the member from Arm River will disagree that the \$1.2 billion deficit is impossible. You could do it. The question is whether you'd be able to borrow enough money on the market to pay for it. That's a serious . . .

When you have credit rating agencies saying of Saskatchewan because of the huge debt, what they have been saying, that is tantamount to being on the cliff of a crisis. So we had to bring that down.

We were able to reduce it from 1.2 billion to 517 million. I would have dearly loved to have it be less than 517 million. In fact if I could have eliminated it totally in the first budget and the government could have eliminated it totally in the first budget, that would have been the preferred route.

First of all we looked at where we can save this on the expenditure side. And so we cut some expenditures — they were difficult as well — we cut expenditures by \$344 million. That's a major, major cut in expenditures. Our expenditures, separate from the interest on the debt, actually are lower this year than they were last year. I

don't know of any other government in North America, certainly no government in Canada, that's done that.

After a \$344 million cut in expenditures we were still left with an over \$800 million deficit and that couldn't be sustained, and so we had to look at revenues. And so we tried in as progressive a way as possible to raise additional revenues and that's why we have had to have a 1 cent increase . . . or 1 per cent increase in the sales tax as part of that revenue, to spread it out.

And there was never a commitment that there would be no tax changes. The only commitment we made was the expanded . . . and I have it here, the election program — that the commitment was to do away with the expanded 7 per cent PST (provincial sales tax). That's what the program card said.

But you can't get to a balanced budget without either making some cuts on your expenditures or getting some additional revenues. We were faced with that, we made the tough decisions, and that's why the increase is there.

**Mr. Muirhead:** — Well, Mr. Minister, that sounds nice. You get up and you talk smooth and it sounds nice, but it's not the facts. That isn't the facts.

And you chose, this government, your government chose not to use harmonization and chose . . . you wouldn't use anything that the Tories were using, good or bad; the good things and the bad things, you chose not to use them because it was a Tory idea.

And it's becoming more evident every day, no matter where you go. No matter where I go in this province now they say well, we thought you guys were doing a bad job and that's why we tossed you out, kicked you out, but these guys are unbearable.

In fact I had one person tell me just the other day, an NDP right out of my home town, that I thought you had some ministers who were doing foolish things, but compared to the front row of the NDP they all like Billy Grahams compared to them — compared to you guys.

Mr. Minister, I asked you — and you see I wasn't . . . I'm not against whether you have to get some more taxes to balance the budget, whether it had to be an 8 per cent or harmonization or whatever, I know it has to happen.

But what the public is against you about and what I am angry with you about is that you won an election under false pretences. You went out there and said: we are going to balance budget, lower taxes, and leave the utilities the way they are, and we're going to go to Ottawa and get money and save all the farmers. You can't do it. You've double-crossed everybody you ever talked to; the only group of people you never hurt out there is the group you haven't met yet.

So there's no sense arguing with you, Mr. Minister. You get up and you just go on that smooth way, so I'm not even going to . . . you don't have to even respond. It's not a question. I'm just telling you a fact, that you've broke your promises.

Every time you look at a Bill on here you can see broken promises.

We're just talking about here, Mr. Minister, the Bill just before this about bringing in . . . changing a Bill in rural affairs for the county system. And people don't want it. Who in the world ever said they wanted a county system? It's you people that want it. You never asked anybody.

The member of the Liberal Party, she's right in there. The Grits and the Reds are right together. I can't believe it. But it's great for us. So keep up this kind of stuff, Mr. Minister, and you won't be sitting there very long. Thank you. My colleague's got another question.

**Mr. Martens:** — Mr. Chairman, Mr. Minister, would you be able to provide for me a list of agriculture exemptions that are there for E&H?

**Hon. Mr. Tchorzewski:** — We'll get you a detailed list. I'll send out . . . We don't have them here, but that list is actually published, so I'll get it for you.

**Mr. Martens:** — Do you have, Mr. Minister, a volume of dollars that accrue to the E&H tax volume that come from agriculture?

**Hon. Mr. Tchorzewski:** — Mr. Chairman, the answer to the question is, very minimal. From the agriculture sector, from the point of view of inputs that farmers use in the farming operation, is essentially practically no tax involved. Before we get the details of the exemptions, if you'd look to page 38 of the budget speech, there is a list of the tax expenditure accounts, and that is the tax exemptions that are exempted from the tax system.

And you'll find — this is just the general terms — farm machinery and repair parts are exempt, so this year that's a saving of \$37 million to the farm community. Fertilizer, pesticide, and seed are exempt; that's a saving of \$41.4 million for the farm community because there's no tax applied. And that's \$78.4 million worth of savings. So in general terms, those are what the exemptions are, but we'll undertake to get the specific list. I think that's available.

**Mr. Martens:** — If a farmer goes and buys a battery, is that tax exempt? If a farmer goes and buys a battery, is that tax exempt?

**Hon. Mr. Tchorzewski:** — Yes. If it's a battery that's specifically purchased or designed for farm equipment, it is exempt.

**Mr. Martens:** — Well, Mr. Minister, I just want to point out you're in error there. The batteries are designed by large companies. They'll sell you batteries. We buy batteries, three or four a year, and we always have to pay E&H tax on them.

Then why are some batteries exempt and some not?

**Hon. Mr. Tchorzewski:** — Well because in some cases some batteries have dual functions. And you may be purchasing it for either your truck, which is using your input and your cost of production, or for your car, which is used for other purposes. And that's the reason why.

(1600)

**Mr. Martens:** — Well, Mr. Minister, I'll tell you where the batteries are exempt. They're exempt when they are purchased together with an implement. Your tires are exempt when you purchase them together with your implement. However, they're not exempt when you buy them individually and separately for repair. Now I want you to indicate to this Assembly how many dollars of value that would be in relation to the volume we have across the province.

I'll tell you about other items that are exactly the same. Hydraulic hoses that are purchased to be used on equipment is . . . you pay tax on it. You pay that tax on a whole host of things and items — oil, all of those things. You pay tax on all of those items. They're not exempt. If they come with a tractor, if they come with the equipment, you don't pay the tax on them.

However, farmers don't buy a new tractor when they want to buy a new battery. And they don't buy a new tractor when they want to buy a new tire. And they don't want to buy a new tractor when they've got to repair the hoses on their farm hand or their front-end loader to have the equipment be made usable.

And that, Mr. Minister, is the question I asked. And if you state to this Assembly and to the people of Saskatchewan that farm supplies are exempt from tax, you're grossly in error.

**Hon. Mr. Tchorzewski:** — Mr. Chairman, I stand by what I said earlier. If the part, whether it's hoses or batteries, are dual purposes, they are not exempt because they can be used for purposes other than actual farm operations. If they're specifically manufactured or specifically designed for a piece of equipment which is used in farm inputs in the cost of operation, then it is exempt.

That's not different than it was in 1991 or 1990 or 1989 or 1987. That's the way the tax is applied. There's no other way in which you could administer such a tax unless you have that kind of a rule.

**Mr. Martens:** — Will you contend then, Mr. Minister, that if I buy a battery for my tractor from a hardware store, that I have to pay the tax of 8 per cent on it?

**Hon. Mr. Tchorzewski:** — If it's a dual purpose that can be considered a dual purpose battery, the answer is yes, you have to pay your tax.

**Mr. Martens:** — Well, Mr. Minister, that amounts to a significant amount on my place and on every farmer in Saskatchewan's farm and ranch. That amounts to a significant amount. As a matter of fact, Mr. Minister, if I were to compare what I have to pay in GST (goods and services tax) and compare that on the place that I have a business on and my ranch, I have to pay about \$10,000 worth of goods and services tax. And, Mr. Minister, that tax I get back. And that same volume is transferred in education tax at 8 per cent. The same goods that I purchase from a hardware store or whatever, that I would use in my business or on my ranch, I get back in GST but I do not get back in E&H. None of it.

And that, Mr. Minister, you can say all over this province that farmers don't pay E&H tax. That is totally in error — absolutely, totally a misrepresentation of fact. And you can read from your book and I will say to you, that is an error in fact.

And that, Mr. Minister, is the point we want to make as it relates to exemptions for farm equipment, small business, big business, whatever the business, they are getting the double taxation. And that, Mr. Minister, is the reason why we have people who prefer to go to Medicine Hat to buy the stuff — from my constituency, from the Maple Creek constituency, from Shaunavon constituency. And, Mr. Minister, you're losing businesses, you're losing small businesses in this province. You're losing people, job opportunities, all over the place.

Now my question to you is, can you provide for me a list or a volume of dollars of those volumes that agriculture provides through E&H tax? Agriculture buys this very important part of their production and the process of production. Will you give me a volume of dollars for that component?

**Hon. Mr. Tchorzewski:** — No, that's not possible to do. Because when the member for Morse goes out and buys a battery, there's no way to know whether he bought that battery for his tractor or whether he bought it for his son's car if he has . . . I don't know whether the member even has a son.

So it's not possible to make that kind of a calculation, whether you bought a battery and gave it to the local contractor who may be using it. When you have a tax system, you have to guard against those kinds of things. And so it's not possible to determine an answer to what the member asked. You can't have that kind of a number provided.

**Mr. Martens:** — Well I believe, Mr. Minister, that when I was on that side of the House, we did have some of those answers provided to us, because I believe that you do have them. I believe that you understand it. As a matter of fact, when we had the estimates done on production, I believe that they were provided to us as to the component of the benefits that would accrue if we had harmonization. And that's what I'm asking for. And I ask you to check that again.

**Hon. Mr. Tchorzewski:** — Well first of all, when the harmonized PST was being brought in by the former government, the impacts that were talked about were impacts that were going to happen some time down the road. They weren't immediate impacts in many cases. And the information that was developed and provided to the legislature — I know it well — was done in some pretty optimistic terms in order to make that particular tax move of the former government look good. So I don't put total stock in the information that was then provided.

Going directly to the question, can we break down the exact amount of dollars that would be affected, the answer is yes, for the reasons which I explained earlier.

**Mr. Martens:** — Do you have any idea of the volume of

dollars lost on the west side of the province due to people going to Alberta to buy their hardware for agriculture purposes that they would have to pay tax on in Saskatchewan?

**Hon. Mr. Tchorzewski:** — No, because unless you sort of police the border and checked on everybody coming through there, it's not possible to do that.

**Mr. Martens:** — Well, Mr. Minister, then I'll tell you about what the impact is. The impact is on Maple Creek. It's on Leader. It's on Richmond. It's on Golden Prairie. It's all on those communities on the west side of the province who have a significant economic loss because of the way the tax is structured. You just move it from 7 to 8 per cent, and it's high volume.

As a matter of fact, those people would possibly be prepared to buy those items in Saskatchewan if they were tax free, and probably get them at a significant benefit. And that, Mr. Minister, is what harmonization would've provided to those small businesses.

And what would that have done for jobs in those communities? It would've had a significant, positive effect. The town of Richmond has not got very many people in it, but it has a car dealership. Why? Because the oil patch goes and buys its cars . . . or it has been buying its vehicles out of there. If they would've had harmonization, those opportunity to purchase those vehicles would've been at a status even with Alberta. But now they're not. And that, Mr. Minister, is where we're suffering the loss.

You have an erosion in those small towns already that is causing us a whole lot of problem. You're going to cut back — and this is education and health tax — you're going to cut back the funding for senior citizens' homes and you're going to cut back for hospitals, which was designed to have this money flow into. And you're going to cut them back even more.

And my contention is that under harmonization, small business would have benefitted across this province on that basis. And they would have benefitted by providing more job opportunities than you're ever going to provide. In fact you said you're going to lose perhaps 2,000 jobs, and you could lose more than that by triple or quadruple on the volume of the jobs you're going to lose because of this tax. That's one side of it.

In my constituency we've got the oil patch besides. And have you figured out how many of the small oil field service industries are losing business today because of the fact that Alberta, they can provide the service into Saskatchewan without having to pay the E&H tax?

**Hon. Mr. Tchorzewski:** — No, the member's not quite correct because when they provide the service in Saskatchewan, they are required to pay the E&H tax. So the assumption that the member makes isn't totally accurate.

But I want to make another comment for the record, because it's important. You talk about the impact on small business of the PST, GST. Well I want the member

to know, because I'm not sure he was here the other day when we had this debate on this very issue, that in 1991 calendar year when the GST, PST was brought in, retail sales in Saskatchewan dropped by a full 7 per cent.

That's a major negative impact on small business. Now this year, Mr. Chairman, I'm pleased to say that's not the case. It is predicted that the retail sales this year will increase over last year. That's to a large extent partly because of a renewed confidence by the consumer because of a stronger economy, but to a large extent also because of the removal of the harmonized PST which had a very negative impact on many businesses in the province.

**Mr. Martens:** — Well, Mr. Minister, the same impact was felt right across Canada, so it isn't going to be measured in terms of Saskatchewan by itself. I want you to be able to tell me what's the difference between an individual farmer who would be able to get a \$10,000 rebate from his GST and would not be able to qualify for an equal amount, whether it's provincial sales tax on E&H, given that it was at 7 per cent.

Can you tell me what the difference on what the farmer pays today and what the farmer gets from GST, what's the difference in lateral transfer or the exemptions that are there for your GST and not for your provincial sales tax? Can you tell me the difference?

**Hon. Mr. Tchorzewski:** — Because we can't . . . as I said earlier, we can't break down that kind of information into those kinds of specific terms.

**Mr. Martens:** — Well, Mr. Minister, I'm going to tell you this. You could take the time to do it and then you would have understand the economic impact and the benefit it would have been to agriculture in Saskatchewan on a cross-Saskatchewan basis. And that, Mr. Minister, would have impacted positively for businesses in the west side of this province very significantly.

You say that your oil patch has to pay when they've come in. Well, Mr. Minister, when are you going to get enough policemen on every grid road to counteract the influence of being able to buy the service from Medicine Hat versus from Saskatchewan?

**Hon. Mr. Tchorzewski:** — Well I'm told we have a very effective audit program. That's the purpose of the audit program. And I invite the member opposite, who I know is interested in the well-being of the province, that if he is aware of any abuses please be so good as to let the Department of Finance know or my office know, and we will apply the audit and make sure that the people who are doing work in Saskatchewan pay the same kind of taxes as every other citizen has to pay.

**Mr. Martens:** — Do you have the freedom to audit companies in Medicine Hat, in Provost, and every other city in the province of Alberta as well as those in Saskatchewan?

**Hon. Mr. Tchorzewski:** — If a firm carries on business in Saskatchewan we regularly carry out audits for the firms in Alberta. That's standard practice. It's not new. It's



always been the case. They are done effectively and the opportunity is there.

**Mr. Martens:** — Well, Mr. Minister, the capacity to do that was never completely given and nor was the responsibility carried out when I was on treasury benches nor is it today, and that's what causes the serious concern that I have.

People all over the west side have traditionally bought the service and paid for the service in Alberta. And they go in and out of the west side of the province and they have for years, delivering services from Medicine Hat that cannot be paid for. I challenge you to put up enough policemen to stop that going on. You'll have every border, every grid road covered all the way across the west side, and I don't believe you're doing that.

**Hon. Mr. Tchorzewski:** — I think the member's talking about two different things. If it's a consumer there is no way you can do this audit. But if it's a business and it's doing business in Saskatchewan the audit is there. It's carried out, it's effective, and it does the job that's required.

**Mr. Martens:** — Would the minister be able to tell me how many people in Alberta were checked out in 1991 for an audit?

(1615)

**Hon. Mr. Tchorzewski:** — I'm told we do have information on the number of audits that are conducted and the amount of revenue that comes, but we don't have it here of course. But that's information that is available in the department.

I will undertake to examine whether there are any implications in making that public which may be contrary to sort of the taxation system. But that information is on record in the department, I am told — the number of audits that are conducted out of province — and is available. But I don't want to make a commitment that I'm going to make that public until I know whether it has some negative implications.

**Mr. Martens:** — Well we're not asking for any names to have public a negative focus on individuals. We're just asking for the overall numbers.

Can you provide for me the numbers of audits that you do on the west side of the province as it relates to those people who have purchased goods and services outside of the province and brought them back in as individuals?

**Hon. Mr. Tchorzewski:** — I can get back to the member on that. I've asked my officials to look at the number of things like electrical contract audits of work that's done in the province. And we'll try to get it together and I'll talk to the member about it.

**Mr. Martens:** — What about those items like appliances, dishwashers, washing machines, dryers, anything like that? Do you do an audit of those individual things that come into the province from outside that you have no control over or almost no control?

**Hon. Mr. Tchorzewski:** — It's not possible to have that information. The only way we'd know that is if somebody advised the department or the auditors that this was happening, that somebody was transporting something over.

You can do that with cars because cars have to be registered when they're brought over for licence and insurance purposes. If you buy an appliance in Edmonton's — whatever it's called — Edmonton square mall and bring it over, there's no need to register. And so you can't keep a record of those things.

**Mr. Martens:** — Is there any need to register a licence under 5,000 kilograms to enter this province? I don't believe — or to re-enter — you don't need to go through weigh scale to do that either, do you?

**Hon. Mr. Tchorzewski:** — I'm sorry, I don't quite understand the question. If you're a transport or a trucker and you're moving stuff . . . things back and forth, I don't think that you register every time you cross the border.

**Mr. Martens:** — Well the point I wanted to make is that we have thousands and thousands of pick-ups going across the border on the west side all of the time that can be moving a dryer that comes back into the province of Saskatchewan, a television, a microwave. It can do all of those things and there is no audit done on any of those kinds of items.

**Hon. Mr. Tchorzewski:** — Now fortunately we don't live in the police state. We can't, nor should we stop every half-ton pick-up that travels across the border to find out whether there's a microwave hidden under a seat. Police sometimes do that with regard to drugs, but that's a different circumstance. But that's not the way the system works.

**Mr. Martens:** — Precisely, Mr. Minister. And that's why I'm pointing out to you that the problem exists with goods and services provided back into Saskatchewan on a regular basis on the west side; that you have no idea how much volume of business is lost because of that. And that's the point I want to make, that harmonization would have provided a flat, a level playing field on the majority of those kinds of goods. How much value is placed on the loss in the economy on business done, cross-border shopping to the west?

**Hon. Mr. Tchorzewski:** — The member keeps referring to how the harmonization was going to solve all this. But in this report, **Impact of Harmonization on Saskatchewan**, prepared and tabled by the Hon. Lorne H. Hepworth, minister of Finance when that was being brought in, I quote what he said:

However, the problem persists for consumers. The expansion of the sales tax base, both in April 1991 and January 1992, increases the incentive for consumers to purchase their goods and services outside Saskatchewan.

I mean this is a problem that wasn't created on November 1 or May 7. It's a problem we've had in Saskatchewan for

some time. And on an ongoing basis, we have to address to see how we can come to grips with it.

But even in the admission by the member's own government when they brought the harmonization in, stated in this report, they said that harmonization was in fact going to make the problem more difficult because — on things like he's talking, the half-tons, bringing over the microwaves — because there would have been a harmonized PST, there would've been the GST on everything except food and groceries and prescription drugs. So the problem would have been greater.

**Mr. Martens:** — Well, Mr. Minister, I want to point out to you that that is exactly what's happening with fuel. That's exactly what's happening with tobacco. That's exactly what's happening with liquor. That's exactly what's happening with services that are provided to the oil patch. That's exactly what I'm trying to point out is that all of the services provided from Medicine Hat in my part of the province is provided from there on a regular basis.

And I see these vehicles without a licence for Saskatchewan doing business, driving across Saskatchewan, using Saskatchewan highways, Saskatchewan business, and they don't have to report to anything. They just drive in, drive out. And between No. 1 Highway and the No. 32 Highway from Maple Creek to Leader, there are a whole lot of grid roads that go across there into Oyen and through south there into Medicine . . . or west there into Medicine Hat.

And I don't believe you have any idea at all on the volume of business that is lost to the people of Saskatchewan because of the provincial sales tax being applied not on a harmonized basis. How much dollars are you losing?

**Hon. Mr. Tchorzewski:** — It's not possible to know that. I've said that time and time again, because nobody can keep a record of those things. And it's not possible to know what amount of purchases are made in, say, Alberta or in fact in the United States, because there's no system in place which can check all of the goods that are brought across the border — Alberta, United States, or Manitoba.

Now the federal government has agreed on the United States side to collect the tax on alcohol and cigarettes. That's one thing that'll get looked after. The negotiation's in place between the province and the federal government to expand that process. We're not about going to start doing that interprovincially between the provinces. If the member is suggesting we do that, then he might want to suggest that.

But I repeat again, this is not a problem that's new. It's a problem that's existed in this country and in this province for many tens of years. We have to deal with it as best we can. We know that it's there and we know that there's some revenues lost because of this. But to be able to determine how much, it's not possible.

**Mr. Martens:** — Can you provide for me the method that you use to ensure that there are no services and machinery purchased in Alberta that would be used in servicing the oil fields in Saskatchewan, the gas fields in Saskatchewan? What's the method that you use to make

sure that this is all . . . the services provided are all taxed in the way that they're supposed to be?

**Hon. Mr. Tchorzewski:** — Well I'm told it's not possible to determine every single service that is performed and whether it's tax free or not. But as I said earlier, we do have an audit system which as best as it can, determines where there needs to be a tax applied because of services they're providing in Saskatchewan even though the company's from Alberta. Not a perfect system but to the best that possibly can be done, it's done.

**Mr. Martens:** — Well, Mr. Minister, I think there's really only one oilfield service company left in Swift Current, and I can recall when there was between 10 and 15 of them. There might be a few more in Gull Lake, but that is just about the limit to what there is. And the reason is because in Alberta they buy their trucks for 7 per cent less . . . 8 per cent less than they do here.

And if they had an opportunity to buy those same vehicles here under harmonization, they would have the same level playing field that agriculture would have with Alberta, as any other business would have with Alberta. Now they don't have. Can you explain the difference in the volume of dollars between those two things?

**Hon. Mr. Tchorzewski:** — Once again I think the member is incorrect. If the truck is purchased in Alberta by a service company and it comes to Saskatchewan and registered and is used in the service work here, they'll pay the tax.

**Mr. Martens:** — No, the minister doesn't understand. Have you ever been to the Alberta border? It might pay for you to drive up and down there and check out a few things that are happening over there.

I want to point out that the services provided are coming in on Alberta vehicles through grid roads and through various areas like that. And that, Mr. Minister, is the services that are being provided by individuals from Medicine Hat all the way clear through to Meadow Lake from the west side of the province.

**Hon. Mr. Tchorzewski:** — Mr. Chairman, I don't think there's more I can add. I mean I think I've explained how the audit system works. I've explained how if you purchase a vehicle and you register in Saskatchewan, you have to pay for it, the tax on it; there is no other answer. It's not any different than it was in 1991 or whether it was in 1990 or 1989. The member was on this side of the House; he knows how it worked. Now there's nothing more I can add.

**Mr. Martens:** — The fact of the matter, Mr. Minister, is this: that harmonization would have allowed the individual to buy that same half-ton, five-ton, big Mac, or whatever, Peterbuilt, on this side of the province, and not have to pay the tax just like he would on the other side. And that, Mr. Minister, is the reason why there's no business on this side along the west side. It's all in Alberta. They will minimize their opportunity and they will reduce their risk by moving to Alberta.

You tell me why Nowesco decided to move all of their

trucks to Alberta. Can you tell me that?

**Hon. Mr. Tchorzewski:** — No, Mr. Chairman, I can't tell the member that because I don't know why an individual company makes some kind of decision. Companies make those kind of decisions all the time for all kinds of reasons. And the answer to the question is, I can't have the answer.

**Mr. Devine:** — Just to pursue this line of questioning a moment with the minister. Mr. Minister, just so that we know that you understand harmonization, if we have business people in the province . . . we have some farmers in the audience. You know with harmonization, Mr. Minister, that if a farmer was to purchase a \$20,000 truck for his farm, that he would get rebated the 7 per cent GST and the 7 per cent PST if we have a harmonized system. Now on a \$20,000 truck, that's \$2,800 that you would get back because you're sales tax free as a farmer or as a business person. Would the minister acknowledge that's accurate?

**Hon. Mr. Tchorzewski:** — Well, Mr. Chairman, I will acknowledge this. The members on the other side of the House introduced a harmonized PST which increased the tax on almost all commodities and services by 7 per cent on top of the federal per cent GST. Members on this side of the House, when we were on that side of the House, disagreed that that was an appropriate tax because the public of Saskatchewan said that the harmonized process and system that was being brought in by the former government was unacceptable.

Would that have made a difference in a significant way in cross-border shopping and the impacts that we have that that creates? The answer is yes and no. In some specific cases it would have.

(1630)

But I remind the former premier that once again in his own government's *Impact of Harmonization on Saskatchewan*, it was clearly stated that there were some pretty severe negative implications from the harmonized PST.

It says here:

The Government's decision to expand the sales tax base in 1991 to apply to goods such as restaurant meals and clothing provides added incentive for consumers to purchase goods outside Saskatchewan. Broadening Saskatchewan's tax base in this manner increases a number of goods that Saskatchewan residents can now find at lower . . . prices on the other side of the border and increases the tax savings available to cross-border shoppers.

That was not my statement; that was your statement.

It went on to say that:

However the problem persists for consumers. The expansion of the sales tax base, both in April 1991 and January 1992, increases the incentive for consumers to purchase their goods and services

outside of Saskatchewan.

So when you balance it all out, when you balance all of the impact out, it had a negative impact on the Saskatchewan economy. And we may debate — I'm not going to debate that because I'm not at this point an expert on it — how much impact it may have on jobs and opportunities.

But the fact of the matter is, even by your own admission, it was going to have a negative impact because it was going to create incentive for people to buy a wide range of goods and services outside of the province of Saskatchewan.

**Mr. Devine:** — Mr. Minister, you're not going to get away without answering this question. You have the potash industry and the farming industry and the oil patch and manufacturing and processing that would become sales tax free with harmonization. I want you to acknowledge that. We can talk about consumers and we can talk about industry.

The hog farmer or the livestock man or the industry person that bought a \$20,000 truck under full harmonization would get \$2,800 return because this province would be sales tax free for that individual on that purchase. Now I want you to acknowledge that. The same applies to a \$30,000 Quonset. He's building a steel building and he had to pay 7 per cent GST, 7 per cent E&H; you get 14 per cent back, which is \$4,200.

Now that's why the potash industry and the farming industry and the pulp and paper industry and the manufacturing and small business and chambers of commerce said, harmonize if you need the tax anyway, because we can be sales tax free to compete with Americans, particularly when we do all this competitive work and resources and in agriculture. Now I want you to acknowledge that if you applied this to a half-ton truck and you're on the farm, you would save \$2,800; GST back and the PST back. Is that true or not?

**Hon. Mr. Tchorzewski:** — Well once again, I can only refer to the document which the former government tabled when they tried to explain and provide the rationale for the harmonized PST.

On a \$20,000 truck, it is true there would have been a rebate of \$1,400. No denying that. But it also says in your documents, sir, that an individual of \$40,000 would have had an increase because of other taxes they paid — whether it's a farmer or otherwise — of \$650 because of the expanding PST. Over three years that would have been \$1,950. A truck, hopefully, should normally last for about five years. So in net terms, this individual would have been worse off under the PST because the tax load with the expanded PST would have been greater than what he would have gained on that \$1,400 rebate on the purchase of the truck.

**Mr. Devine:** — Mr. Minister, what we're trying to establish here is if industry and small business would like to be sales tax free . . . Because they know you're going to tax and every government is going to tax . . . There's going to be sales tax, and you're trying to raise taxes 16 per cent

here now from 7 to 8. That's true.

But what farmers and industry and other people are saying, we don't want to be taxed twice. Once as a consumer and then secondly as the farmer or as the industry or as the miner or as the processor or the manufacturer because we're not doing this to consume. We're doing this to build. So if you're sales tax free in the province of Saskatchewan in industry, you're much more competitive which allows you to compete with Alberta or Manitoba or anybody else that has sales tax — or Americans.

So I want you to acknowledge that if you bought a Quonset for \$30,000 and you had a harmonized tax system that you would get 7 per cent GST back, 7 per cent E&H back which is 14 per cent which is \$4,200 you had got return. Is that accurate?

**Hon. Mr. Tchorzewski:** — Of course it's correct. You would have got the 7 per cent provincial sales tax back.

But I want to acknowledge something else. The member from Estevan is saying businesses shouldn't pay taxes, shouldn't pay any E&H tax. The member from Estevan is saying that the consumer should pay it for them. The member from Estevan is saying that the worker at IPSCO or the plumber's helper in Davidson or the teacher in Estevan should have taken all of this tax load, \$440 million worth, off of business and put it onto the consumer.

Well that is a basic difference between the approach by the member opposite and this government over here. That's what he wanted — to shift the tax load to the consumer. We're saying the taxation has to be fair and equitably distributed. And therefore that was an inappropriate way to go.

**Mr. Devine:** — Well, Mr. Minister, Mr. Chairman, now we're getting at the nub of the NDP's philosophy. Because the NDP say they like a progressive tax system so that if you make money you pay income tax, and big companies pay more income tax.

We're talking about farmers and small business, manufacturers and processors, people who are right on the margin, tens of thousands of small business. And you know, Mr. Minister, that small business creates most of the jobs in the province. And you're saying, I'm going to pick on these small businesses, and at the same time you're going to charge E&H to the consumers. It's now going to be 8 per cent if you get this Bill passed.

So you're charging both. Everybody's losing: the small business, the farmers, the consumers. There's no choice. There's no competitive advantage. There's no comparative advantage.

You see you're getting to where you're just squeezing everybody. If you're concerned about small business, and you purport to be, and all the little independent businesses, all the small-business people who make manufacturing, processing, even the service industry. If you redo your restaurant, and you want to talk about hamburgers and coffee, all of that is returned to you. The

sales tax, you become sales tax free for every business — small business and farmers and ranchers — here in the province of Saskatchewan.

Now you're telling me you didn't want to do that because you don't want to stick up for business and you think all those small businesses should pay when they don't have to pay in United States or they don't pay in other provinces where they harmonize.

Well, Mr. Minister, I want you to acknowledge. Is it true that most of the jobs created in Saskatchewan — and certainly under your so-called philosophy you don't want to do megaprojects; it's small projects — it would be a large advantage if small business didn't have to pay tax twice, that is once as a consumer and secondly as a small business? Wouldn't it be an economic advantage to them to be able to have the PST and GST returned to them so they could create the jobs that you're talking about? Would not that be the case, Mr. Minister?

**Hon. Mr. Tchorzewski:** — Well first of all, Mr. Speaker, two points. Because we acknowledge the important role of small business, we reduced the small business corporate income tax rate in this budget by 1 percentage point. That's an incentive to small business because we recognize the job that that sector of the economy plays in job creation.

Secondly, the one thing that the member from Estevan should keep in mind is that in order for the small business in Saskatchewan to survive, the consumer has to have money to spend. And if you take the money out of the consumer's pocket at the rate of \$440 million which the harmonized PST was doing, that's that much less money that was going to be spent in the small business of Saskatchewan and that's one of the reasons why the retail sales trade in 1991 in Saskatchewan took a nosedive of 7 per cent.

Now the member from Estevan says we should not have business pay any E&H tax.

**An Hon. Member:** — Yes.

**Hon. Mr. Tchorzewski:** — Instead, he says, senior citizens should pay more because senior citizens didn't . . . Oh, he says yes. Senior citizens didn't get any rebate.

**An Hon. Member:** — Sure did.

**Hon. Mr. Tchorzewski:** — Not if they didn't have any children. Because it was based on families; it was based on children. Senior citizens would have had to pay more.

He's saying that school children would have had to pay the PST on their school books and their textbooks. That's the way how it worked. He's saying that average individual citizens should take up this massive tax load so that businesses would be able to get a big tax break.

Well I'm sorry. I believe that businesses should get a fair tax system just like I believe citizens who are students or seniors or working people or anybody should get a fair tax system. But simply to shift the tax system from one sector of the economy in a massive way to another sector, in this

case the consumer, I think that that would be wrong.

**Mr. Swenson:** — Thank you, Mr. Chairman. Mr. Minister, this simply doesn't square. You are taking 1 per cent more on the E&H and you are taking a 10 per cent surcharge on individual income. Your argument doesn't hold water.

Mr. Minister, would you then give us the comparison. You say that under harmonization the average taxpayer was going to pay X amount of dollars more so that these businesses, the productive sector in our society, would be competitive. Give us that same comparison, adding on the 1 per cent on the E&H and the 10 per cent and the utilities, personal surtax. On one hand you are getting the benefit of no sales tax for your productive sector, and on the other hand you are taxing them in many other ways.

You must have the numbers, Mr. Minister, to make that comparison with that average person that you just talked about. That plumber's helper that makes X amount of dollars. That teacher in Estevan. You have made significant changes, Mr. Minister, in the way that you are taxing people, with none of those benefits accruing back to our productive sectors.

Give us that comparison with the taxes that you have added on, Mr. Minister — all of the taxes.

**Hon. Mr. Tchorzewski:** — Well, Mr. Chairman, the taxes that are directly related to individual people — the member mentioned the deficit surtax. That's going to raise this year 62 million. The E&H tax, the 1 cent is going to raise 65 million. That's an increase of 127 million.

The one thing that's not there which was there under the PST — so one will have to subtract this; I haven't done that — is that the PST would have applied on utility charges, on power bills, on telephone bills, on all kinds of utilities. The PST is not applied to that. So there's a saving there. That's the kind of numbers we're looking at.

**Mr. Swenson:** — Well, Mr. Minister, you also forget to mention that there was a child tax credit component to harmonization, of some significance. I believe it was about \$35 million. So all of those children's school books and those children's clothing and those various items that were there that would benefit families under harmonization, you have effectively taxed that back, sir. So you've got to add that on top.

Now we're looking at \$140 million here without including all of the utility taxes and the other various surcharges, the prescription drugs that you have added on since. And I think, Mr. Minister, when you're making fair comparisons and analysing the impact on the Saskatchewan economy, and who will hire the folks, who will provide the employment, and who will drive whatever type of economic development policy your government comes up with, you know that that comparison comes out squarely, Mr. Minister, on the side of harmonization.

Mr. Minister, do you admit those figures?

**Hon. Mr. Tchorzewski:** — No, Mr. Chairman. I just want to add something else, because the member raised the

child tax credit. Well I want to say that in this budget we increased the low income tax deduction on an annual basis of \$50 a child. So some of that's being look after. Some of that is being looked after already.

Now the member says that the rebates were \$35 million. Well you take \$35 million from \$440 million, and you still have \$405 million.

(1645)

**Mr. Martens:** — Mr. Minister, if we would have taken the GST on the place that I run my business on . . . was \$10,000 last year. If I would have taken provincial sales tax and gotten an opportunity to get a rebate equivalent to that, Mr. Minister, we would have taken one person off of the unemployment list, Mr. Minister.

And how many other farmers and ranchers across the province of Saskatchewan would have been able to do exactly the same thing? And that, Mr. Minister, is exactly what I'm talking about. You want to take away the opportunity to create jobs by taxing them right out of the province. And that, Mr. Minister, is what causes the problem.

Now those numbers are legitimate. It was \$9,979 in GST that we got back last year, and that would have been almost equivalent to what we'd have got back in PST. And, Mr. Minister, under harmonization I would have been able to employ.

The second thing that I want to point out: if I wouldn't want to have employed someone, I would have had discretionary income. And I'll tell you something else, Mr. Minister, and for the member from Quill Lakes who doesn't understand agriculture. Maybe he should sit and listen to the conversation and then draw his own conclusions.

Mr. Minister, \$20,000 for our ranch would have been a consumable amount of money that would have been issued for my discretion to the people and businesses in the city of Swift Current and surrounding area if you would have given me the opportunity to do that.

The third thing I want to point out to you, Mr. Minister, it would've been greater than any other subsidy given by the federal government, provincial government, or any other subsidy given to my farm or ranch. And that, Mr. Minister, is significant. At three different areas that we could've had discretionary in. I could've used it to pay down debt. Other farmers could've used it to pay down debt, and helped in many other ways.

And, Mr. Minister, you choose to ignore the opportunity to build this province. That's what causes us the concern. And that, Mr. Minister, is the reason why all of your members just fail to understand, because they've never lived beside a tax-free province. Why don't you guys go over to the west side and find out how the real world ticks over there? Then you'll maybe begin to understand.

I want to point out and ask the minister: is that a fact that I would've received almost equivalent in PST back that I would in my GST?

**Hon. Mr. Tchorzewski:** — I don't know if it's a fact. I'm not going to comment on the member's opposite personal business. But I'm going to say this, that compared to the E&H tax measures and the surtax, deficit surtax on income in this budget, to the PST, here's the difference.

On a 40,000 two-income family, the surtax and the E&H will have \$170 impact; the PST would've had a \$650 impact. On a \$50,000 two-family income, both couples working, the surtax and the E&H tax will cost them net \$233. Under the harmonized PST it would've cost them a net increase of \$835 million. That's the kind of impact it has.

Sure there may have been some benefit, as the member says, to business. I don't deny that. We've got to find other ways to be able to assist business, as we have by reducing the small-business corporate income tax rate by 1 per cent this year; and by, in over three years, eliminating the E&H tax on processing agents and manufacturing agents. You have to use selective, targeted tax measures to build this economy, to create jobs, rather than the approach that the PST was going to do.

**Mr. Devine:** — Mr. Minister, I think I heard you just say that there would have been some advantage to small business to have a harmonized tax system. Would you care to reiterate that?

**Hon. Mr. Tchorzewski:** — Sure. The E&H would have been done away with the PST for business, but they would have lost business because of the major impact that the PST would have had on the consumer where the small business sells a lot of their product.

**Mr. Devine:** — You're saying, Mr. Minister . . . just so that the chamber of commerce and businesses throughout Saskatchewan will know that their Minister of Finance says they're going to lose business if they pay no sales tax in Saskatchewan through harmonization because the consumer isn't going to be able to spend the money. And that's what you're saying.

So I want you to acknowledge the fact that you're saying harmonization would have hurt business because the tax breaks that they received wouldn't have compensated for the downturn in the consumer expenditures in the economy. Is that what you're telling the chamber of commerce, the board of trade, and other people who are in industry here in Saskatchewan?

**Hon. Mr. Tchorzewski:** — No, that's what I'm not telling. I'm telling them that — and something which they agree with — is that the net impact on the economy would have been negative and it would have impacted on the business sector in Saskatchewan. Ask the CFIB, the Canadian Federation of Independent Business, did they agree with the way the harmonization of the PST was going? They represent small business of Saskatchewan. They were dead against it. Seems to me that they're pretty credible spokesmen for the small-business community. I agree with him. That's the answer.

**Mr. Devine:** — No, no, Mr. Minister. They didn't like the methodology, but they said harmonization had one tax.

That's what they've always said — one tax. Do it at 5 per cent, do it simpler, do it something else.

What I want to get on record here is you're saying in a province like Saskatchewan, where most of the economic activity and jobs comes from us producing and marketing things outside the province of Saskatchewan — meat, potash, pulp, paper, oil, gas — all the processing and manufacturing and raw commodities that we know that we export to the United States, into Alberta, into Ontario, into the Pacific Rim, are not local consumers. And a good amount of this industry in Saskatchewan, which you're going to learn eventually, is based on export. And our export is extremely important.

We have Agribition here. We have business shows here. We have people come from the uranium business and the potash business and oil and gas, and they export all over the world. And you're telling me that if we become sales tax free in Saskatchewan for the resource sector and small-business sector that it isn't going to pay us and create economic activity when we can compete with Americans and Japanese and Koreans and people in Europe? You're thinking that Saskatchewan is this little wall you're going to build around us, and it's only the local government employee that's going to drive the economy?

Mr. Minister, you must acknowledge or you'll have figures; go get us the figures then. What per cent of our GDP, gross domestic product, here is export and what is domestic? And what percentage of our resources create the jobs here because they are linked to the service industry and the manufacturing industry and the raw resource industry? So that in fact we can find out whether you know whether you know what you're talking about. Because for us to be competitive internationally with United States is very, very important.

So I want you to tell me, Mr. Minister, wouldn't you acknowledge that a good amount of our business in the province of Saskatchewan is based on export, whether it's wheat, cows, pulp, paper, oil, gas, uranium, potash. And if it is, therefore becoming tax free in the province of Saskatchewan really helps our businesses compete and create jobs and helps our economy. And therefore, Mr. Minister, becoming sales tax free for business in Saskatchewan is good for our economy — not negative.

**Hon. Mr. Tchorzewski:** — Well, Mr. Chairman, I recognize that exports are important. They are important to any economy, or most economies. That's why . . . we don't have those kind of numbers with me.

But I can say to the member opposite that the reason why we have reduced the sales tax or the corporate income tax on small business by 1 per cent is to assist the small business to maintain the jobs that are there and create new ones.

The reason why we have announced that in three years we'll phase out the E&H tax on agents using manufacturing and processing is that we want to make sure that that industry grows and is able to compete.

So we're using targeted tax measures to achieve

economic development in Saskatchewan. We will continue to refine them. We are in the process of consulting. I met recently with a number of business people on this subject and have invited them to give us their ideas and their suggestions which we can take into consideration.

**The Chair:** — Why is the member on her feet?

**Ms. Lorje:** — I beg leave to introduce a guest.

Leave granted.

### INTRODUCTION OF GUESTS

**Ms. Lorje:** — Mr. Deputy Chair, I would like to introduce Mr. Brian McHolm, who is a lawyer with the firm of Jamieson Bains in Saskatoon, and he is a recently appointed member of the province's labour liaison committee. And he is down in Regina today for the inaugural meeting of that committee. I would ask all members of the Assembly to join me in welcoming him and wishing that committee all the best in their deliberations.

**Hon. Members:** Hear, hear!

### COMMITTEE OF THE WHOLE

#### Bill No. 29 (continued)

#### Clause 1 (continued)

**Mr. Devine:** — Mr. Minister, if will help to get a little more focused here, would you acknowledge that sales tax harmonization is definitely a large advantage to companies in Saskatchewan that are involved with or connected to goods and services that are exported out of the province?

**Hon. Mr. Tchorzewski:** — The answer is that you cannot view tax policy in isolation. Sure that there would have been businesses, some of them more than others, who would have gained from the harmonized PST — no doubt about that.

But I, different than the member opposite, I'm prepared to look at the total impact of tax measures. And the PST had a total overall impact on the economy of Saskatchewan — negative. And that affects everybody: small business, business, consumers. And that's my position. The member opposite has a different position. That's his choice. But that's my position.

**Mr. Devine:** — Mr. Minister, I'm going to ask you to get your officials to acknowledge or to give us, ballpark, how significant the export business is for the province of Saskatchewan so that we can figure out — if they were sales tax free here, competing outside the world — what it's worth to them and what percentage of our economy is linked to that, directly and indirectly. Therefore the overall benefit might have been quite positive because you will admit, Mr. Minister, that for the potash industry and the oil industry and the agriculture industry that competes on international markets it's a win-win scenario. Absolutely win.

The second point I want you to find out — and you can provide this — if in fact you said that there was a negative impact on retail sales as a result of the GST, would the minister provide that sales figures for other jurisdictions, which I'm sure is public knowledge, so we know the impact of the GST in Ontario and in Saskatchewan, so that you can't just focus on Saskatchewan, so that we look at the figures in 1991, the impact of harmonization in Saskatchewan, but look at other provinces as well. When they introduced the GST, how did it compare across the board? So they can't just pick on us here.

So I want you to get those two things so that we can check and compare. Because perhaps, Mr. Minister, your logic isn't sound. Perhaps you've missed the real, big benefit to Saskatchewan because a large percentage of our jobs and businesses are in the export business that would like to be sales tax free. That's the first.

And secondly, the negative impact would certainly be offset in Saskatchewan where we have that huge sales tax rebate here through harmonization. And compared to other jurisdictions maybe we weren't any worse off to start with. So that would really show that your argument with respect to the decline in sales tax was the GST related.

I can say one last point. I have talked to retailers like the Dairy Queen and others in this city and they've told me sales were never any better. They went from 1990 to 1991 on into 1992, doing fantastic. Well if that's the case, Mr. Minister, maybe you have no validity at all saying that harmonization hurt Saskatchewan. Maybe your Associate Minister of Finance was right all along. Maybe we become sales tax free for industry and business which is largely export. Maybe we save 5 million a year in administration, which is efficiencies, which is like in your terms a GigaText a year you could save through administration because you're so worried about that particular project. And third, maybe the impact on the economy is in fact positive because of the economic activity generating income and therefore they're spending more.

And fourth, then you wouldn't have to go back and raise the utilities on senior citizens. You wouldn't have to go back and raise the prescription drug program from 125 to \$380 a month or a year. You wouldn't have to raise the deductibles and raise the taxes on all kinds of income and surtax and sales tax that has no relief, and particularly for senior citizens because there's no choice.

Well, Mr. Minister, I want you to get me the kind of information necessary so we know the importance of exports and industry in the province of Saskatchewan. And then check and compare Saskatchewan across the rest of the country when we're looking at the decline in the sales tax, because I don't frankly believe that you are accurate saying that only in Saskatchewan was it 6.9 per cent decline in 1991 . . . (inaudible interjection) . . . Well I want to make the comparisons.

**Hon. Mr. Tchorzewski:** — Mr. Chairman, I know that it's almost 5 o'clock, but yes, sure I will undertake to have information on the story of retail sales across in other

jurisdictions. I will bring them for the member and make them available.

The Assembly recessed until 7 p.m.