

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
May 5, 1995

The Assembly met at 10 a.m.

Prayers

ROUTINE PROCEEDINGS

PRESENTING PETITIONS

Mr. D'Autremont: — Thank you, Mr. Speaker. I have petitions to present today from the people of Saskatchewan. The petition reads:

Wherefore your petitioners humbly pray that your Hon. Assembly may be pleased to support Bill 31, An Act to amend the Saskatchewan Human Rights Code (Property Rights), which will benefit all property owners in Saskatchewan, and specifically firearms owners, in order to halt the federal Liberal government from infringing upon the rights of Saskatchewan people.

And as in duty bound, your petitioners will ever pray.

These petitions, Mr. Speaker, come from the Rose Valley, Fosston, Clair area of the province. Mr. Speaker, I so present.

READING AND RECEIVING PETITIONS

Clerk: — According to order the following petitions have been reviewed, and pursuant to rule 12(7) they are hereby read and received.

Of citizens of the province petitioning the Assembly to oppose changes to the federal firearm legislation.

NOTICES OF MOTIONS AND QUESTIONS

Mrs. Bergman: — Thank you, Mr. Speaker. I give notice that I shall on day 62 . . . 67 ask the government the following question:

Regarding the Department of Agriculture and Food: (1) what was the cost of sending Bob Ford and Wes Mazer to the effective executive program at Waskesiu in 1992; (2) what was the cost of sending Ernie Spencer to the effective executive program at Waskesiu in 1993; (3) what are the names of all Agriculture and Food employees who participated in the effective executive program at Waskesiu in 1994; (4) what are all costs associated with these employees attending this seminar; (5) what are the names of all Agriculture and Food employees who have enrolled in this seminar for the current year?

INTRODUCTION OF GUESTS

Ms. Murray: — Thank you, Mr. Speaker. Mr. Speaker, it's a great pleasure for me this morning to introduce to you and through you to my colleagues in the legislature, 50 students

from grade 5 from the town of Lumsden seated in your gallery. These students are accompanied by their teachers, Mr. Ray Tourney and Mrs. T. Rieger. And I'm happy to say that they come here on a regular basis with their students, which leads me to think that they think the trip is worthwhile.

I'm looking forward to meeting with them later, and I would ask everyone to join me in giving them a warm welcome. Thank you.

Hon. Members: Hear, hear!

Mrs. Bergman: — Thank you, Mr. Speaker. I'd like to join with my colleague from Qu'Appelle-Lumsden to welcome members of my community, grade 5. Mr. Tourney was my son's teacher many years ago — he'll be graduating from high school this year — and our legal assistant's son, Doug, is part of this class as well.

I'd like everyone to join with me in welcoming them again.

Hon. Members: Hear, hear!

Mr. Kluz: — Thank you, Mr. Speaker. I'd like to introduce to you and through you to all members of the Assembly, two good friends of mine who are seated in the west gallery: Grant and Llona Sundholm who've ventured from Rose Valley to watch the proceedings. They're accompanied by their daughter Shelley from Regina.

I welcome them here today, and I'd like all members to do the same.

Hon. Members: Hear, hear!

STATEMENTS BY MEMBERS

Labour Force Statistics

Mr. Cline: — Mr. Speaker, I know many of the members opposite will soon be looking for work, and being unemployed can be discouraging. But they should take heart in the latest labour force statistics.

According to Statistics Canada, Saskatchewan's unemployment rate for April was 7.4 per cent, which is 1.5 per cent lower than April 1994 when it was 8.9 per cent.

Saskatchewan continues to enjoy the lowest unemployment rate in the country. We're almost a whole per cent ahead of Alberta and well below the national rate, which is 10 per cent compared to our 7.4, and way ahead of New Brunswick's 13.7 per cent unemployment rate.

In various sectors, Mr. Speaker, there's also good news. For example, the number of people employed in agriculture was up by 3,000 for a 7 per cent increase. And in transportation and communication, 2,000 more people are working. Overall 6,000

more people have jobs in April of this year than April of last year.

Mr. Speaker, good economic policies, a balanced budget, and reduced taxation for businesses, has led to investor confidence in our province. Every day we hear more announcements of plant expansions and new companies. Saskatchewan is working again. Thank you, Mr. Speaker.

Some Hon. Members: Hear, hear!

Future Skills Program in Biggar

Mr. Whitmore: — Thank you, Mr. Speaker. At the risk of having too much good news announced in one week, I want to mention another successful, targeted, necessary, Future Skills program — this one in Biggar in my constituency.

Recently the Minister of Economic Development announced the construction of a high-tech greenhouse in Biggar by Microgro International Research Inc. This greenhouse will use micropropagation to produce unlimited numbers of genetically identical plants from a specifically selected original plant. I will try and explain what I just said in lay terms after question period.

The Quick Skills training option of Future Skills program is training 12 workers for employment in this greenhouse. Like the program mentioned yesterday by the member from Redberry, the technology for this greenhouse is so new that there are no prequalified workers nor existing training programs. So of necessity this program was work based.

The project partners are the University of Saskatchewan, SIAST (Saskatchewan Institute of Applied Science and Technology), Prairie West Regional College, and North West Regional College. Another example, Mr. Speaker, of government, education, and industry, working together to provide jobs to service our expanding economy. Thank you, Mr. Speaker.

Some Hon. Members: Hear, hear!

National Forest Week

Mr. Sonntag: — Mr. Speaker, as I may have mentioned once or twice here in the legislature in the past several months, Meadow Lake is the Forestry Capital of Canada for 1995. As well, we are no doubt the happiest, healthiest, prettiest, friendliest region in North America.

Next week, beginning on Sunday, is National Forest Week, and in Meadow Lake we are taking this week to celebrate our close association with our forests.

I want to say at the beginning, Mr. Speaker, that our activities will focus on the sustainable forest, not on the American-type Paul Bunyan chop-it-down and use-it-up approach to forestry. We want to begin by celebrating this week a hundred years from now.

There are several . . . there are special activities, I should say, each day for people of all ages and interests; as well, exhibits and displays by town groups and by our forestry industries.

For instance, Wednesday is seniors' day, Thursday is children's day, and Friday is civic celebrity day, a day for the town of Meadow Lake to show its wares.

And, Mr. Speaker, on Saturday, May 13, we will host a Texas golf and gala dinner. Notice Texas golf, not Texas audit. This dinner will feature Canadian humorist Dave Broadfoot, and other entertainment will be provided by first nations' dancers and drummers.

I invite one and all to come to Meadow Lake for some or all of the activities for National Forestry Week. As they say, Mr. Speaker, be there or be square. Thank you very much.

Some Hon. Members: Hear, hear!

Ogema Student and Canada Poster

Ms. Bradley: — Thank you, Mr. Speaker. Beginning on Monday with the VE (Victory in Europe) Day recognition, and over the next several days and weeks, student across the nation are going to be paying close attention to Canada, its history, and its role in world events during this century.

Of course Canada Day will also be the focus of this recognition and I want to commend a student at Ogema elementary school who has made special contribution to this day.

Jessica Peterson, a 12-year-old student, has been recognized by the Saskatchewan Canada Day Committee for her winning entry in the 1995 Saskatchewan Canada Day poster challenge. Her poster was one of the few selected from out of 982 entries from schools across our province.

A special presentation was made to her at school last week, which I was pleased to attend. The school, community, and her family, were all proud of her achievements. Each province and territory organizes its own competition, and here, the Canada Day Committee works closely with the Department of Education. A volunteer judging panel selects the winning entries.

This year Jessica's poster and the three other winners will be used to produce the poster celebrating Canada Day in Saskatchewan. This poster will be distributed throughout all Saskatchewan schools in the province.

Jessica's poster was an excellent work depicting her pride in her province and her country. I congratulate Jessica and all the other entries who have used their talents to honour our country.

Thank you, Mr. Speaker.

Some Hon. Members: Hear, hear!

Canadian Professional Chuckwagon Finals

Ms. Stanger: — Thank you, Mr. Speaker. Last weekend I attended a news conference which gave Lloydminster a two-year contract for the Canadian Professional Chuckwagon Finals 1995-1996.

Lloydminster, for the third straight year, will be the site of the Key 83 chuckwagon finals. The event is sponsored by the Canadian Professional Chuckwagon Association, the Lloydminster Agricultural Exhibition, and CKKY radio AM.

Mr. Speaker, the finals are very important to the world of chuckwagon racing. The association's Canadian professional champion will be decided along with the Key 83 finals champion. Also 17 finalists will be chosen to attend the Calgary Stampede.

The chuckwagon finals have been an important boost for Lloydminster. Last year saw some 40 participants and 16,000 spectators. The event is the city's largest sporting event. In 1983 the chuckwagon finals received a tourism excellence award.

Mr. Speaker, this year's finals will be as big or even bigger. The weekend will wrap up with a cabaret featuring Danny Hooper and Farmers Daughters.

At this time, Mr. Speaker, I wish to invite everyone to the chuckwagon finals. I also want to congratulate the 19 sponsors, including CKKY, the Lloydminster Agricultural Exhibition, and the chuckwagon association, for another great show. Thank you, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mrs. Teichrob: — Mr. Speaker, I'd like, with leave, to introduce guests.

Leave granted.

INTRODUCTION OF GUESTS

Mrs. Teichrob: — Thank you, Mr. Speaker. It's my pleasure to welcome to the Assembly this morning, 39 students from Sister O'Brien School in my constituency of Saskatoon River Heights, together with their teachers and chaperons.

I'll be meeting them in the members' dining room later where they're having their lunch, Mr. Speaker, and I will be able to answer any questions they have about the proceedings.

I hope that they do enjoy question period. Look forward to meeting them later. And I'd like to ask all the members of the Assembly to join me in giving them a warm welcome here today.

Hon. Members: Hear, hear!

ORAL QUESTIONS

Martensville Abuse Case

Mr. Toth: — Thank you, Mr. Speaker. Mr. Speaker, my question is to the Minister of Justice. Mr. Minister, every day we get more questions about the Martensville case and no answers. Wednesday night CBC (Canadian Broadcasting Corporation) reported on a secret police report that came to the conclusion that the Crown did not have enough evidence to proceed with charges against John Popowich. However, Mr. Minister, as we all know, the Crown went ahead with these charges and ultimately ended up dropping the case due to insufficient evidence.

Mr. Minister, what was the purpose of the report prepared by Sergeant Arnie Mainland? What was his role in the investigation? And why did your department ignore his recommendation?

Hon. Mr. Mitchell: — Mr. Speaker, I'm going to have to take notice of the question because I have not heard of the report, nor seen it, nor has it been drawn to my attention in any way. So I'm going to have to inform myself and come back and report to the Assembly.

Mr. Toth: — Well, Mr. Speaker, apparently that . . . I believe that is one of the real reasons we do need a public inquiry into the whole incident that has taken place at Martensville. This is exactly why the public need an inquiry, so these questions can be answered.

Mr. Speaker, and, Mr. Minister, as it was reported the other evening, John Popowich's sworn statement says that Mainland would be willing to provide his report to a public inquiry so the truth would be known about the investigation.

Mr. Minister, I believe we all know in this Assembly that people across this province, certainly in that Saskatoon-Martensville area, want to know what happened, what went wrong, so that a fiasco like this never happens again.

Mr. Minister, all people are asking for is an opportunity for the truth to be told. Why will you not allow an inquiry into the way matters were handled? We're not asking for a retrial; we're asking for an inquiry as to how justice was carried out.

Some Hon. Members: Hear, hear!

Hon. Mr. Mitchell: — Well thank you, Mr. Speaker. With respect to the Popowich matter, I am of course severely constrained in what I can say because the matter is the subject of a court action and I'm not able to make comment as to matters that are at issue in that action. And this of course, the question of the hon. member, touches directly upon that.

With respect to the more general question about an inquiry, I have tried to challenge the hon. member to say in this House or outside this House, anywhere he likes, what it is that he wants to be inquired into. Most of his questions has to do with the quality of the investigation, Mr. Speaker, the investigation into

the allegations that led in due course to the trial being held.

And I keep making the point, and I think with great validity, that that was the main issue in the jury trial in Saskatoon that went on week after week after week. The kind of investigation, when the interviews took place, what happened at the interviews, videotapes of the interviews — all that is a matter of public record. And I am not at all clear what it is that remains to be inquired into. I think it received an exhaustive airing and I see no point in going over that same ground again.

Some Hon. Members: Hear, hear!

Mr. Toth: — Well, Mr. Minister, it certainly appears that the justice system in many cases has run amok. And what has happened in the Martensville case is we have eight people have been dragged out before the public. We certainly have the fact that children's lives have been disrupted. We have 180 charges.

And one has to ask at the end of the day, Mr. Minister: if an inquiry isn't undertaken to review how justice was meted out in the Martensville case, will this allow for a similar scenario to take place down the road so that innocent people are dragged into the public's eyes, basically convicted by the public without any chance to defend themselves. I think, Mr. Minister, that is the question that needs to be answered: how the Justice system conducted itself in the Martensville case and left so many questions unanswered. Why will he not allow for an inquiry into the operations that would look into how justice is handled in this province and whether or not we seek truth or are more interested in just laying charges.

Some Hon. Members: Hear, hear!

Hon. Mr. Mitchell: — Mr. Speaker, the member keeps asking me this same question and I keep giving the same answer. And it doesn't assist the member's case to suggest, for example, that justice has run amok. The member knows it has not run amok. The member knows that certain information came to the police in Martensville and that led to an investigation by the police and that led to the police laying charges. That led to the Department of Justice entering to prosecute the charges. I mean the system worked, as a system does.

In Canada, as in other of the more fortunate countries in the world, first people have to be proven guilty before a jury and proven guilty beyond a reasonable doubt. The jury found that that standard hadn't been met. The system works and it worked there.

And during that inquiry, as I've said before, all of the matters that the member is so worried about, was the subject of intensive investigation at the trial. It's a matter of public record now, and I simply don't know what's left to inquire into. And so that's why I've said no.

Some Hon. Members: Hear, hear!

Mr. Toth: — Thank you, Mr. Speaker. Well, Mr. Minister,

CBC reported the other evening that, as I indicated earlier, there was more than ample evidence that would have suggested that no charges be laid against Mr. Popowich, and yet charges were laid, and Mr. Popowich was dragged through the public's eyes. And Mr. Popowich faced defamation by his peers, and certainly his career was really set in limbo.

And, Mr. Minister, we have people across this province, and certainly in the Martensville case, with a lot of questions. And the unfortunate part, Mr. Minister, is the fact that unless we raise these questions . . . For an example, regarding pensions and the stand by the Government House Leader yesterday, would you have changed if we would have not raised the question at the end of the day? Are we just supposed to drop it, or are we supposed to seek truth, honesty, and justice, and ask where our justice system is going, because, Mr. Minister, had the police and had the prosecutors followed the recommendations, Mr. Popowich would not be now suing you or your Crown prosecutors for malicious prosecution. And here's another example of the . . . more of the questions that are being asked.

Mr. Minister, why will you not allow that public inquiry to take place?

Some Hon. Members: Hear, hear!

Hon. Mr. Mitchell: — Well with respect to the Popowich matter, as I told the member in response to his first question, I'm simply not able to discuss this matter in public. It is, as the member himself has said, the subject of a lawsuit against the prosecutors and others, and I simply can't enter into a public discussion of the issues in that lawsuit.

As to the inquiry, I challenge again the member to say exactly what it is that has not been inquired into. What's missing here? I mean we know what happened. It went on for weeks and weeks before Mr. Justice Wimmer and a jury and there is simply nothing left to learn about it. We should learn important lessons from the Martensville case about the handling of the evidence of very young children and related sorts of questions. But I see simply nothing left to inquire into.

The member asked, why was everyone acquitted? And I say, because the system worked. People have to be proven guilty beyond a reasonable doubt. That jury heard the evidence and decided on the evidence that it hadn't been proven. That happens. That happens. And thank heavens it does happen. Our system works. People are presumed innocent until proven guilty and that's the way it goes.

Now I say to the member again, I want to know what it is that's missing. What is it that we should know about that case that would justify a public inquiry?

Some Hon. Members: Hear, hear!

Mr. Toth: — Mr. Speaker, and, Mr. Minister. Certainly, Mr. Minister, this is a very debatable question. And there's a lot to

be raised and a lot of questions. And there's more coming out on a daily basis which points to the reason for an inquiry.

But also, Mr. Minister, you're well aware of the fact that Mr. Popowich is now suing two of your Crown prosecutors for malicious prosecution. Yesterday we learned not only is the Department of Justice paying for these two prosecutors' defence, the Crown prosecutors are counter-suing Mr. Popowich. And guess what? Taxpayers are being forced to pick up the bill.

Mr. Minister, do you think it's fair that taxpayers have to pay for this counter-suit?

Hon. Mr. Mitchell: — Oh yes. I think, Mr. Speaker, that that's perfectly justifiable. No question about that. At all times they were simply doing their duty as prosecutors employed by the government of this province. Doing that, and if they're maligned or if they're libelled with respect to their performance of those duties, then the Crown simply has to stand behind them. We can't leave them out there on their own to defend themselves in those circumstances.

Some Hon. Members: Hear, hear!

Mr. Toth: — Mr. Minister, I'm not exactly sure the public see that as an appropriate fairness of our justice system. It's simply outrageous. While you say you don't have enough money to hold a public inquiry into this fiasco, you have plenty of money for two of the Crown prosecutors who botched the case to sue one of the people who ultimately was cleared. And maybe I should be careful about what I say about Crown prosecutors. Who knows, they might end up suing me for using . . . and use taxpayers' money to do it.

Mr. Minister, it would appear, and the biggest concern is, that your department or the department you're responsible for is out of control. What is the policy regarding who should pay for counter-suits of this nature? And why should taxpayers be forced to foot the bill? Haven't enough taxpayers' dollars been wasted on this fiasco?

Some Hon. Members: Hear, hear!

Hon. Mr. Mitchell: — Well, Mr. Speaker, each case has to be looked at and decided on its own merits. Each situation has to be carefully examined.

But there is simply no question that when Crown employees in the performance of their duties, doing what they're hired to do, are treated in this . . . find themselves in this kind of a situation — let me put it that way — there is just simply no question that the Crown has to stand behind them.

We can't just simply leave them out there on their own; we have to stand behind them. And we do, and we don't apologize for it.

Some Hon. Members: Hear, hear!

Lawsuit Against Justice Minister

Mr. Toth: — Mr. Minister, I have another question in regard to lawsuits. And on the news this morning — and I notice it's in the papers — I understand David Milgaard is now suing you for some comments you made in the media. And I guess when we were drawing up that . . . when you were drawing up a list of things that you shouldn't be saying, when you came back as Justice minister, you may have missed one.

Mr. Minister, who will now be paying for your defence in this lawsuit? Are you going to be paying for it personally? Or will the people of Saskatchewan through your department pay for the counter-suit . . . or to protect you against this lawsuit?

Hon. Mr. Mitchell: — Well that remains to be decided. I want to say to the member that the remarks in question were made, as I recall, last November. And at that time I wasn't maintaining a list, I guess.

I'll tell you though that at the top of the list of things that I must not talk about today is the action that the member refers to. I simply can make no comment about that. And the member will understand why, Mr. Speaker.

Some Hon. Members: Hear, hear!

Health Care Reforms

Mrs. Bergman: — Thank you, Mr. Speaker. On Wednesday the Provincial Auditor released his spring report. The auditor raised numerous concerns in his report regarding a lack of accountability, especially regarding the Department of Health and the district health boards.

The auditor believes that it is impossible to measure how well health care is working when there are no benchmark or standards for the individual boards that would allow the evaluation of the quality of services being received in each district, Mr. Speaker.

My question to the Minister of Health: how can you know how well the health care system is working when the individual boards are not submitting so-called wellness reports as required in your legislation?

Hon. Mr. Calvert: — Mr. Speaker, the health district boards are in fact submitting descriptions of the health status of their districts and their people in public forums across this province, Mr. Speaker. I invite the member at any time that she wishes to attend any of those open and very public meetings, Mr. Speaker. And for her to accuse health care providers across Saskatchewan of not making this public is simply erroneous and wrong.

Now I know what she's leading to, Mr. Speaker. She's talking about auditing, the auditing of health boards and the auditing of health services. And as of yesterday it's become very clear to the people of Saskatchewan where she would get her auditors

from — from Texas. She's talking about Texas auditing kind of procedures to be inflicted on the health care of Saskatchewan. That's the Liberal policy, Mr. Speaker. It was made public yesterday.

Now I find this passing strange. We got rid of the Tories. What did they bring us from Texas? Well they brought us the Eagle buses from Texas, from Brownsville, Texas. Well we got rid of the Tories and now we've got rid of the Eagle buses. Now what do we have? The Liberal Party bringing auditing principles from Texas onto health care, Mr. Speaker. The people will just reject it.

Some Hon. Members: Hear, hear!

Mrs. Bergman: — Mr. Speaker, the auditor raises another important issue regarding health care. This Assembly is responsible for the raising and allocation of all health care dollars, yet we are not receiving timely reports from each district board. The auditor recommends that all district health board financial statements be tabled in the Assembly.

My question to the Minister of Health: will you support the auditor's request that would ensure this information is publicly presented in the legislature?

Hon. Mr. Calvert: — Mr. Speaker, the fiscal reports of the district health boards, by legislation, are to be audited and presented by the end of June this year, Mr. Speaker. At that time, they will be made public. They are made public in the local communities.

For the first time in Saskatchewan history, Mr. Speaker, our health care dollars are being made public and accountable on a community basis. Our district boards are talking about . . . they're going to the communities, they're talking about their budget plans — the first time that's ever happened. They'll be going to their communities with the audited financial statements, Mr. Speaker.

What our health care system does not need, Mr. Speaker, is a concept of American Texas auditing on health care in this province. We know that the Tories in Winnipeg, in Manitoba, brought in American experts to reform their system. Now the Liberals are bringing this American concept to health care in Canada.

Well I'll tell you, Mr. Speaker, the people of Saskatchewan will reject American-made health care in favour of Saskatchewan-made health care.

Some Hon. Members: Hear, hear!

Mrs. Bergman: — Mr. Speaker, the auditor analysed the statements of six district health boards; of these six, five were paying their directors without authorization. Your own Health Districts Act states, and I quote:

The Lieutenant Governor in Council may determine any

reasonable remuneration and reimbursement for expenses that are to be payable to . . . (the members of a) district health board.

The auditor's recommendation, Mr. Speaker, states that orders in council should specify the pay and expenses of board members.

My question is to the Minister of Health: why have you ignored your own legislation by paying board members without proper authorization?

Hon. Mr. Calvert: — Mr. Speaker, perhaps the member was not present when I addressed this issue the other day. We have a circumstance where the per diems paid to the board members and their travel expenses have been publicly revealed here in this legislature through the process of estimates. We know we've had this experience now for a year, year and a half, of the district board functioning.

We have established a review committee to review those per diems to ensure that they are appropriate to the Saskatchewan circumstance. I reported the other day that that review will be complete, will be completed, by July 1, at which time they will be established by order in council, Mr. Speaker.

Now, Mr. Speaker, what I think is more crucial in the debate is the position now taken by the Liberal Party in regards to health care and other government services — that we should be bringing into our systems some concept of American auditing, this Texas audit concept.

Mr. Speaker, we all know that our friends south of the border are consuming a great deal more of their public resources and private resources to provide health care. And you know, Mr. Speaker, there are 40 million Americans — 40 million Americans — who are today without or with very inadequate health care coverage. Now if that's the system that is being recommended by the Liberal Party, Mr. Speaker, the people of this province will reject it.

Some Hon. Members: Hear, hear!

Mrs. Bergman: — Mr. Speaker, the auditor adds that 1,400 health care workers and the money to pay their salaries would be transferred from the Department of Health. This transfer of 1,400 staff should have decreased the size of the Department of Health by, yes, 1,400 workers. But it didn't. According to your budget, the budget this year, department staffing was reduced by 1,062 full-time equivalents.

My question to the Minister of Health. This means that your department increased by 338 people. What is being done differently that requires 338 more people in the Department of Health, more people now than there were last year?

Hon. Mr. Calvert: — Mr. Speaker, I think I understand now why the Liberal caucus office has kind of a revolving door with its employees. If this is the kind of research that's being

provided to the members of the legislature by their caucus, I think the door better take another spin today.

Now, Mr. Speaker, the member will know and does know — unless she's just trying to play pure politics here — the member will know that full-time equivalents do not represent actual numbers of people, Mr. Speaker. Full-time equivalents will mean full-time equivalents.

There may be indeed, and there are, people who will work part-time; individuals job-share. When we talk about the total number of people transferred, she simply then can't go back to the blue books and talk about full-time equivalents to try and make a political point.

Now why would she be trying to make a political point today? I think, Mr. Speaker, it is to try and flee from what her leader is talking about, and that's this Texas style of auditing for health care. I think that's what she's trying to do. She's trying to divert from what her leader and other nominated candidates of her party are out talking about now.

Some Hon. Members: Hear, hear!

Firearms Legislation

Mr. Boyd: — Thank you, Mr. Speaker. Mr. Speaker, I have a couple of questions for the Minister of Justice. Mr. Minister, next week we'll be going down to Ottawa to oppose the Liberal gun registry. While I agree with your objective of having Saskatchewan exempted from this law, I completely disagree with your strategy.

It seems to me that we should be going to Ottawa armed with some real legislative weapons, and rather we are taking down a popgun down to Ottawa, which will be the only kind of gun left if the Liberals have their way when they get through with us.

Mr. Minister, it's not too late. Will you give us a fighting chance in Ottawa next week? Will you pass our property rights legislation today, Mr. Minister, before we go on to Ottawa?

Hon. Mr. Mitchell: — No, we will not, Mr. Speaker. We will not because, as I have tried so patiently and so often to explain to the Leader of the Opposition and other members of the opposition, that passage of that Bill that he refers to would do absolutely nothing to strengthen or buttress our position in our opposition to this gun control measure.

The best thing we can do — the best thing we can do — is to maintain our unanimity on this question, and our stance, which we have set out so clearly, of being shoulder to shoulder on this issue and fighting the legislation, and not fighting among ourselves about some silly idea like the amendment of the Human Rights Code, imagining somehow that that's to improve the Saskatchewan position. It won't work that way and we just refuse to pay attention to it.

Some Hon. Members: Hear, hear!

Mr. Boyd: — Thank you, Mr. Speaker. Mr. Minister, you keep saying that our alternative would be ineffective, and yet the Law Clerk of this building, of this legislature, says it would be effective. We believe very definitely that that is the case.

Mr. Minister, I haven't seen your approach working all that well up to this point, Mr. Minister. In fact Allan Rock has already dismissed your proposal. So if you're really concerned about Saskatchewan gun owners, you should be thinking about some kind of stronger action. Mr. Minister, you have the entire resources of your ministry at your disposal. And the best you can come up with is a proposal that has us going cap in hand to Ottawa to plead with the government that has ignored us time and time again.

Mr. Minister, why don't you pass some sort of legislation here in Saskatchewan that will force the Liberals to challenge us here, to come to Saskatchewan and to fight this battle on our turf?

Some Hon. Members: Hear, hear!

Hon. Mr. Mitchell: — Mr. Speaker, my cap is not in my hands. I don't know what's in your hand, but in my hands I have a very strong brief that makes very strong, logical arguments.

Now if the members think that our arguments, which he and I have both made from the public platform, if he thinks that those arguments are nothing, stay home. We don't need you there. If you don't think those are powerful arguments against this unfair, unjust, unnecessary legislation, then don't come with us. I think they're powerful arguments. I think the argument against this legislation is logical, sound, strong, powerful, and will be effective if we can maintain our unanimity here.

But if the member is saying that those briefs, that the brief, that the arguments that we're going to make are going to do nothing, then don't bother to come with us.

Some Hon. Members: Hear, hear!

SaskTel Repair Service

Mr. Swenson: — Thank you, Mr. Speaker. Mr. Speaker, my question is to the minister responsible for SaskTel. Mr. Minister, can you tell us why it now takes four days in rural Saskatchewan in order to get service interruption repaired? Why does it take four days if you have service interruption on a Friday? When your corporation made \$88.6 million last year, why is it it would take that long in order to have service interruption repaired?

Hon. Mr. Tchorzewski: — Mr. Speaker, I want to say to the member from Thunder Creek that SaskTel is the best telecommunications company in Canada today, from the point of view of the service that it provides and from the point of view of the technology that it has to provide that service.

That's why we have Sears Canada choose to establish in

Saskatchewan; that's why we have the CIBC (Canadian Imperial Bank of Commerce) choose to establish in Saskatchewan; that's why we have the most extensive fibre optic network in all of Canada.

Mr. Speaker, if the member has a specific case with which he has a concern, he should address it with me and I will undertake to take a look at it. But the question — the capability, and the service that is provided for SaskTel, Mr. Speaker, is something going beyond, I think, a reasonable argument.

And that doesn't surprise me because the Tories opposite have been unreasonable in this session for some time, particularly as we approach the election.

Some Hon. Members: Hear, hear!

The Speaker: — Before we go on to the next item of the agenda, I wish to draw members' attention to — and this happened, I think, several times now — drawing impartial officers of the Assembly into the debate. You may acquire — order, order — you may acquire information but that information cannot be used in the debate in referring to the impartial officer. Order, order.

This has been a standing tradition in this House and is in other Houses as well. And I think members know that.

Order, order. Order. Order. Would the Government House Leader please come to order. Order.

ORDERS OF THE DAY

WRITTEN QUESTIONS

Hon. Mr. Lingenfelter: — Mr. Speaker, as it relates to questions 73 and 74, I move they be converted to motions for return (debatable).

The Speaker: — Questions 73 and 74, motions for return debate.

GOVERNMENT ORDERS

COMMITTEE OF THE WHOLE

Bill No. 49 — An Act respecting Interior Designers

The Chair: — Before we proceed to clause 1, I would ask the minister responsible, the minister responsible to the Saskatchewan Property Management Corporation, to please introduce the officials who have joined us here today.

Hon. Ms. Crofford: — Thank you. Today with me is Brian Woodcock, president of Sask Property Management Corporation, and Leslie Krug, legislative officer for Sask Property Management Corporation.

Clause 1

Mr. Toth: — Thank you, Mr. Chairman. Mr. Chairman, I'd like to welcome the minister and her officials. But, Mr. Chairman, I also believe that there's a very important debate that should be taking place, and therefore at this time, I move, seconded by the member from Souris-Cannington, that this Assembly, with leave, report progress and move to second reading of Bill. No. 31, property rights.

The Chair: — The motion is not in order. Although it's in order for the member to move a motion to report progress, it's not within the purview of the committee to decide to move to other business that is before the Assembly.

(1045)

Mr. Toth: — Mr. Chairman, I think it's certainly important that we ask questions on the interior designers. But it would also be important for us to debate other issues and move into an area that would allow this Assembly to debate some important issues that affect people across the province of Saskatchewan.

And therefore, I move at this time that the committee rise and report progress.

The division bells rang from 10:46 a.m. until 10:56 a.m.

Motion negatived on the following recorded division.

Yeas

Boyd	Swenson	Neudorf
Martens	D'Autremont	Toth
Britton		

— 7

Nays

Thompson	MacKinnon	Tchorzewski
Lingenfelter	Shillington	Trew
Goulet	Lautermilch	Kowalsky
Calvert	Mitchell	Penner
Upshall	Hagel	Lorje
Teichrob	Cline	Crofford
Renaud	Murray	Hamilton
Serby	Draper	

The Chair: — Order, order, order. I'm having difficulty hearing how it is that the members are voting because other members are talking and therefore I would ask for order.

Whitmore	Sonntag	Flavel
Scott	Stanger	Keeping
Jess		

— 30

Mr. Toth: — Thank you, Mr. Chairman. Mr. Chairman, one looks through the Bill . . . and I think the Bill is a lot thicker than what may be the intent of the Bill and the real reasons are for the Bill. I realize that the Interior Designers of Saskatchewan are . . . or understand that they're the driving

force behind this legislation, that they've been working towards this for many years. In fact I believe they've been basically pushing for legislation like this since 1967, and they've been incorporated as a non-profit corporation since 1990.

Is any specific reason being . . . for the legislation coming forward at this time or this year, Madam Minister? Or would it have been impossible to bring it forward . . . why are we specifically looking at this time rather than having had it introduced — say — a year or two earlier, Madam Minister?

Hon. Ms. Crofford: — I thank the member for his inquiry. I guess I would have to say that I have some control over the future but limited control over the past, so I can't answer as to why it didn't come before.

I can only say that this is something that they have worked on for a long time, and I think it's partly to clarify the kind of work they do. But we're pleased to finally be able to get this done so that they can move ahead with implementing the provisions of the Bill.

Mr. Toth: — While we may wonder why it's taken us so long to reach this point, it seems to me what the Bill does then is designates the title of interior designers as a profession, if I understand correctly. How many individuals and businesses will be affected by this legislation?

Hon. Ms. Crofford: — They have in their direct membership 75, and I think one of the things they're hoping this Bill will do is to enable them to more clearly identify that membership body.

As far as businesses, it doesn't affect them directly other than ensuring that when they hire people to do these kinds of functions that they're in fact getting someone who's up to speed on the building codes, etc., that affect the concerns that that profession deals with. So it really provides protection for businesses.

Mr. Toth: — Madam Minister, by protecting the title interior designer as one belonging to the interior designers . . . it's IDS (The Interior Designers of Sask. Inc.), I guess, and I just forgot the last title. Will individuals that have been practising interior design, for example at The Bay, will they be adversely affected by the legislation?

Hon. Ms. Crofford: — Well I think, first of all, we have to differentiate between what are interior designers and what are decorators. It's two different professions. And so interior designers really deal more with the management of space and building code issues, traffic flows, that kind of thing. And that would be differentiated from a person who's working in the area of decorator.

Under the current title there was no other people whose actually existing work titles . . . that it affected in any negative way.

Mrs. Bergman: — Point of order, Mr. Chair.

The Chair: — What is the point of order?

Mrs. Bergman: — Today the official House agenda which I received indicates that we are at this moment . . .

The Chair: — Order, order. I'm having difficulty hearing the member because other members are speaking.

Mrs. Bergman: — Thank you, Mr. Chair. According to the official House agenda I received, at this moment we are to deal with item no. 8, Bill No. 58, and I have prepared for that situation. And I don't understand why we are on The Interior Designers Act.

The Chair: — It's entirely up to the government to call the business before the House. This is not the House agenda that is distributed by the House Leader's office. It's not the official agenda of the House. The official agenda is the blues, but it is entirely up to the government to call whatever business it wants to call under government orders.

So the point of order is not well taken.

Mr. Toth: — Mr. Chairman, and Madam Minister, would it be appropriate to say that this legislation provides a legal definition differentiating between interior designers and decorators? Is that part of the reasoning for the legislation?

Hon. Ms. Crofford: — Yes, it would provide clarification.

Mr. Toth: — And how many members currently belong to the IDS?

Hon. Ms. Crofford: — As we mentioned in an earlier question, 75.

Mr. Toth: — So that 75, that number of 75 members, there are currently 75 members practising under the interior designers in this profession in the province of Saskatchewan. Was that what that number indicates?

Hon. Ms. Crofford: — Seventy-five who have been identified and who have membership in the organization. Now they don't have any official mechanism at the moment to identify people, so it's kind of, I guess, a search and rescue mission in terms of identifying people.

Mr. Toth: — Madam Minister, I think consideration . . . are any considerations going to be given to those practising interior design, or should I say decorators that have been in that field for many years but do not have education or courses under their belt which . . . Will they be accepted under the Interior Designers of Saskatchewan?

Hon. Ms. Crofford: — Yes, there is a criteria, and some of that criteria is linked to training which is able to be upgraded. Some of it is linked to a combination of background and experience, but there is an ability to bring people in.

Mr. Toth: — When you were formulating the piece of legislation, Madam Minister, who did you consult with in bringing together the information and the details regarding the legislation in formulating the policies and all the different clauses of this Bill as far as defining what interior designers were?

Hon. Ms. Crofford: — All the people currently identified in practising a related profession such as engineers, architects, people that utilize the profession, and as well there was public meetings held.

Mr. Toth: — Was there any opposition to the recommendations that were brought forward in formulating the Bill from any groups that would be considered affected by this piece of legislation?

Hon. Ms. Crofford: — We would say that all major issues . . . There were no real major issues, but all issues were resolved. There was a small discussion over whether there should be a registered prefix on the title, and with further discussions it was decided not to.

Mr. Toth: — Madam Minister, section 8(1) states that: "The Lieutenant Governor in Council may appoint two persons who reside in Saskatchewan as members of the council." And section 8(2) states that these individuals' terms will not exceed three years.

Why, Madam Minister, are these clauses inserted into this Bill? What's the reason for these clauses? Why does the government need to appoint a representative on the council, and who will the government appoint to this position?

Hon. Ms. Crofford: — This is a standard provision in professional Bills, and I think it's really just consistency and public interest that is the consideration in those clauses.

Mr. Toth: — Madam Minister, can you give us an idea of what type of fees may be involved to register to belong to the Interior Designers of Saskatchewan or to be registered as an interior designer? And would any of these fees have been changed?

Hon. Ms. Crofford: — It's in the 3 to \$400 range.

Mr. Toth: — Would that be per individual or per company, per group that would be applying?

Hon. Ms. Crofford: — That's an individual fee.

Mr. Toth: — So what type of revenue does the government anticipate that they would derive from the legislation and the fees that will be charged?

Hon. Ms. Crofford: — This is fees to the association.

Mr. Toth: — So what you're saying is the fees then are paid directly to the association, that nothing really comes into . . . or nothing comes into the hands of the government under this

legislation and fees that will be implemented.

Could you briefly go over the sections of the Bill dealing with disciplinary procedures, investigation, and professional competence — sections 21 to 30. And can you outline the sort of offences that interior designers would be charged with? What offence would lead to imprisonment as outlined in section 37?

Hon. Ms. Crofford: — The kinds of things that would require discipline is illegal use of title, gross incompetence, complaints from consumers over the kind of service they're receiving. It's a fairly standard disciplinary clause in a professional Bill. And they do have an appeal procedure to the courts if they feel that this discipline hasn't been applied fairly.

Mr. Toth: — Well, Madam Minister, it would seem to me that seems to be a fairly harsh discipline. And I'm not exactly sure what types of concerns or accusations could be brought against . . . I would imagine it's against a firm who's practising as an interior designer. It must have something to do with the type of workmanship or whatever. But it seems to me a fairly rigid type of offence and penalty that would be applied in that matter. And I guess I have a hard time determining how . . . the importance or why such a stiff penalty would be applied. I'm not exactly sure how you find an offence that would require that type of a penalty.

Hon. Ms. Crofford: — Again I think some of it stems from some of the misunderstanding about the work that these people do. These are not decorators; these are people who implement building codes, occupational health and safety standards, these kinds of things.

So if they neglect to do that, it could either have big repercussions for their client to have to redo something that wasn't done up to code, or it may in fact create a safety hazard.

Mr. Toth: — So what you're saying, Madam Minister, then this isn't specifically people who are into the decorating part of it, but it's establishing or working on the construction of buildings, engineering, design of buildings. Is that what you're basically talking of?

Hon. Ms. Crofford: — The interior design layout and how that complies with the code, yes.

Mr. Toth: — So it really has nothing to do with orange shag carpeting. I think we're ready to allow this Bill to move forward.

Hon. Ms. Crofford: — I would confirm that there's no punishment for bad taste.

Clause 1 agreed to.

Clauses 2 to 47 inclusive agreed to.

The committee agreed to report the Bill.

(1115)

Mr. Toth: — Mr. Chairman, I'd just like to take a moment to thank the minister and her officials for the time, having taken the time to come to the Assembly to address some of the questions that we had re this Bill. Thank you very much. Have a good weekend.

Bill No. 58 — An Act to amend The Income Tax Act

The Chair: — Before we proceed to clause 1, I would ask the minister to please introduce the officials who have joined us here today.

Hon. Ms. MacKinnon: — Thank you very much, Mr. Chairman. On my left is the deputy minister of Finance, Bill Jones. Behind Bill is Arun Srinivas, taxation policy analyst from the taxation and intergovernmental affairs branch. Behind me is Kirk McGregor who is the executive director of taxation and intergovernmental affairs.

Clause 1

Mr. Devine: — Thank you, Mr. Chairman. I wonder if the minister might comment on the fact that the entire weight of this debt reduction is on the shoulders of individual taxpayers as opposed to businesses.

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, this particular piece of legislation of course affected individual taxpayers, but there were other tax changes brought in at the same time as this tax change which affected corporations and ensured that corporations paid their fair share as well.

Mr. Devine: — I wonder if the minister could just briefly point out where the tax increases have been for businesses that would, if you will, correspond to the tax increases that you're posing on the individual in this case.

Hon. Ms. MacKinnon: — To the member opposite, I would refer specifically to three measures that were taken: an increase in corporation income tax rates, an increase in corporate capital tax rates which is a tax on basically the wealth of the corporations, and an increase in the resource surcharge.

Mr. Devine: — I wonder if the minister could just give me those increases please.

Hon. Ms. MacKinnon: — Annualized, the increases are corporate income tax, 7.9 million; corporate capital tax, moving it from 3 to 3.25 per cent, 1.3 million; the resource surcharge going from 2 to 3.6, 44.4 million — for a total of 53.6 million.

Mr. Devine: — Sorry, Madam Minister, I couldn't write as fast as you could talk there. Could you just go over the percentages and the numbers just again? Thank you.

Hon. Ms. MacKinnon: — Sure, Mr. Chairman, no problem.

The corporate income tax general rate increase went from 16 to 17 per cent; the revenue was 7.9 million. Corporate capital tax went from 3 to 3.25 per cent, annual revenue 1.3 million. Corporate capital tax surcharge increased from 2 to 3.6 per cent, for a revenue increase of \$44.4 million — total \$53.6 million.

Mr. Devine: — What years were those increases, what fiscal years? Were they in the last budget, or were they in the last 12 months or last 18 months?

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, these increases were announced in the May 1992 budget, and they're detailed on page 33 of the May 1992 budget.

Mr. Devine: — Madam Minister, so you're saying there's been no increase in the taxation to business since 1992. Is that correct? And it came into effect in '93,. It's been in effect in '94, will be in effect in '95. But there's . . . for the last three years there's no change in the tax to business either in the corporation income tax or the corporation capital tax or the resource surtax. Is that right?

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, in 1993 there was a further increase in the resource surcharge. But that was the only other change.

Mr. Devine: — Madam Minister, could you give me that increase? In other words, I'd like the tax increases on business from '92 to date to compare to your surtax that you're putting on individuals to reduce the deficit.

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, the total of 44 includes both increases. So the total of 44 includes the increases in '92 and in '93.

But you asked me a different question. You said, did they all come in the '92 budget? No. The vast majority came in the '92 budget, but the last part of that resource surcharge came in '93, but it is included in the numbers that I gave you.

Mr. Devine: — Thank you, Madam Minister. So that there's . . . from '92 to date, there's been a \$57 million increase in taxes on the basis of the corporate income tax, the corporate capital tax, and the resource surtax. That total is \$57 million. I'll just ask if that's correct, and I assume that it is.

There have been no other tax increases put on businesses; is that fair to say?

And third, could you just remind me what you expect to raise from this new surtax that you're introducing in this Bill.

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, the anticipated revenue from the debt surtax is about \$50 million.

Mr. Devine: — And there were no other tax increases on business other than the 57 million represented here from '92 to

date; is that true? Or were there any tax decreases for business in that same period of time?

I'm trying to be perfectly as clear as I can. I'm just trying to get the balance of tax increases and decreases on individuals versus corporations from '92 to date, to find out if you're being fair to the ordinary taxpayer versus the business community. So I'm just trying to add them up. How many tax increases and tax decreases have you had for business, and how many tax increases and decreases have you had for the ordinary taxpayer?

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, what you've asked me so far are taxes that are directly applied to businesses that affect nobody else.

But the sales tax . . . about half of the sales tax is paid by business, so you would have to take into account any tax increases in the sales tax because half of that is paid by business.

Mr. Devine: — Well, Madam Minister, that's true. That's where individuals and businesses are treated about the same. They pay the sales tax, and the individual pays the sales tax. So I understand that.

I guess I could ask you, if you like then, seeing that you raised it, how much has the sales taxes been increased since . . . over the same period of time for business and individuals?

(1130)

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, the net increase in sales taxes is 94 million.

Mr. Devine: — I'm sorry, Madam Minister, I didn't quite get that. I wanted to know the increase in sales tax for individuals and businesses over the last three years.

I believe it's gone from 7 to 9 per cent for individuals and businesses. They were treated the same. And that is . . . I guess you could confirm that. And it's applied equally to both. And secondly, the amount of money that is raised from both those. In other words, how much comes from the individual versus how much comes from the corporation?

Hon. Ms. MacKinnon: — What I was saying to the member opposite is since 1991, since we took power, the net increase in sales tax revenue has been \$94 million. And so what you would do is just divide that in half — about half comes from business and half comes from individuals. So that would mean about \$47 million from each from sales tax increases.

Mr. Devine: — Thank you, Madam Minister. Could you give me the tax breaks — that's just the flip side of this — for business, and the tax breaks for individuals over the same period of time?

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite. I'm assuming what he was saying was the tax breaks

for businesses, and if that's correct, the answer is \$51.6 million.

Mr. Devine: — Fifty-one point six million for businesses over the last recent time. Could you, Madam Minister, please specify where they were, in what areas? It obviously wasn't in the corporate income tax or the corporate capital tax or the resource surtax, because they've gone up. Could you just briefly describe where the 51.6 million in tax breaks for business was targeted?

Hon. Ms. MacKinnon: — Yes. The most important one in terms of dramatic reduction was a reduction in the taxes on small business, which went from 10 per cent to 8 per cent.

Also, there were tax reductions targeted particularly at manufacturing and processing companies. They had their direct agents exempted from E&H (education and health). There were tax credits in this budget for manufacturing and processing companies. Their corporate income tax rate in this budget was reduced, with a proviso that the more the company's activities were in Saskatchewan, the more their tax was reduced; 1-800 numbers have been exempt from the E&H.

So it's those sorts of . . . There's a long list here of those sorts of tax reductions targeted to particular parts of the economy that this government feels are likely to create significant jobs. Small business particularly, because most of the businesses in the province are small business — the vast majority — and manufacturing and processing because of the importance of processing resources here to the future of the economy and to the future of jobs.

Mr. Devine: — Thank you, Madam Minister. Perhaps your officials could give me an approximate breakdown of the \$51.6 million in tax breaks to businesses. When you drop the small business tax rate from 10 to 8, what did that give you? When you reduced the manufacturing and processing . . . or eliminate the E&H or give the exemption, what is that likely to give you? And for the corporate income tax rate targeted reductions, about . . . I mean just give me three or four of the major ones so that I can have an idea of where the breaks are coming.

Hon. Ms. MacKinnon: — I'll give you the three or four largest ones in terms of dollar value. The manufacturing and processing investment tax credit would be the largest at \$11.5 million. The next largest would be again from manufacturing and processing, exempting direct agents from the E&H tax, at \$11.3 million. And the third largest would be the tax reduction for small business from 10 to 8 per cent at \$7.2 million.

So those are the three largest. And then the value after that drops quite dramatically. For example, to give you an idea, number four is \$4 million, and that's for reducing the corporate income tax rate for manufacturing and processing companies that have most of their activities located in Saskatchewan.

Mr. Devine: — Thank you, Madam Minister. Okay. That pretty much summarized the tax breaks, I guess. I assume that's the tax breaks for business over the last few years. Could you give me the tax breaks for individuals over the same period of time,

basically the main ones?

Hon. Ms. MacKinnon: — The biggest single tax reduction that would have affected individuals and also business would be the deharmonization — \$110 million in tax savings by taking the tax off things like non-prescription drugs, reading materials, electricity, natural gas, residential natural gas, children's clothing, adult clothing under \$300, restaurant meals and snack foods, pet food.

And then the other one that affects individuals is the tax reduction included in this session, which is the deficit surtax being reduced and renamed, and half of that benefit going to the families of the province where a taxpayer will get a tax cut of \$150 per individual, \$300 per dual income family. The value of that is \$55 million.

The value of the first one is 110. This one is actually, when you add it up . . . And put into that, one thing I should have mentioned, is there's an increase in the child tax reduction as well for low income families. If you add that all up, the total is \$59 million.

Mr. Devine: — Thank you, Madam Minister. That deharmonization of the PST (provincial sales tax) would be split about 50/50. Is that . . . Am I correct, between individuals and businesses?

And would that apply as well to the deficit surtax reduction? The 55 to \$59 million, would it be split 50/50 as well?

Hon. Ms. MacKinnon: — In the removing of the sales tax from the items that I listed, the benefit would be much higher for individuals because of the nature of the things that we were taking the tax off. When you take the tax off non-prescription drugs, residential electricity, residential natural gas, children's clothing, pet food, these are all things that affect individuals much more than they affect business, so that that would . . . the 50/50 rule would not apply to that. This would be much more heavily weighted toward individuals than the other tax measures.

Mr. Devine: — So a guess might be 75/25 ballpark. The deficit surtax, would that apply as well? Was it 50/50, or how is it split up?

Hon. Ms. MacKinnon: — No, Mr. Chairman, the reason that we chose to reduce the deficit surtax rather than the E&H tax — one of the reasons — was because 100 per cent of the benefit of reducing the deficit surtax goes to families. It does not go to businesses at all; 100 per cent goes directly into the pockets of families.

Mr. Devine: — Thank you, Mr. Minister. You've given me the tax breaks for businesses, I believe, over the period, the tax breaks for individuals it looks like; I didn't get the tax increases for individuals since . . . over the same period of time, from '92 to date.

The Chair: — The member for Kelsey-Tisdale.

Hon. Mr. Renaud: — Thank you. Mr. Chairman, with leave, to introduce guests.

Leave granted.

INTRODUCTION OF GUESTS

Hon. Mr. Renaud: — Mr. Chairman, to you and to all members of the Assembly, I would like to introduce, in the Speaker's gallery, Mr. Robert Zhao of Regina and his delegates that he is hosting from China. And that delegation is led by Mr. Li Ke Bin, Mr. Shen Ji Cheng, and Ms. Li Hong Cheng. Frederick Yan is the interpreter, and Dr. Young.

Now the delegation is here, Mr. Chairman, to study agriculture. It's a fact-finding mission actually, and they have been in Saskatchewan since May 2. And their interests are in beef and pork and poultry genetics, production and processing technology.

The majority of the delegates are from the Hubei province and from Shanghai. And I would ask all members to join with me in wishing them a very informative visit to the province of Saskatchewan. Thank you.

Hon. Members: Hear, hear!

COMMITTEE OF THE WHOLE

Bill No. 58 (continued)

Clause 1

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, these have to be very . . . they can't be precise calculations because things like the sales tax, you're doing an estimate of how much of that is paid by business, how much by individuals. The same is true of other taxes. Fuel tax increases, you're doing an estimate of how much of that is paid by business, how much is paid by individuals. And same with any fees and charges. So an estimate would be \$314 million paid by individuals, assuming some sort of standard breakdown there in terms of the taxes I've mentioned.

Mr. Devine: — Thank you, Madam Minister. So approximately 314 million in tax increases have occurred. The total annual tax increases, or how would you describe that? The tax increases, the cumulative tax increases from '92 to date for individuals. Is that right?

Hon. Ms. MacKinnon: — This is the gross number, the tax increases that have occurred over that period of time, not taking out the reductions.

(1145)

Mr. Devine: — Gross tax increases for both individuals and

businesses? Or just individuals? Just individuals.

Madam Minister, if I've done my arithmetic right maybe your officials can help me. You've given me the total tax increases for businesses, the total tax increases for individuals. Now the total tax breaks for businesses and the total tax breaks for individuals. And it seems to me that the tax increases for individuals have been substantially higher than for businesses.

And I can roughly do out the numbers and we can sit here while I do that, but it seems to me when I added them up . . . and you've given to me here like for businesses the tax increase was 57 million; half of the 7 to 9 is 45; that's \$100-and-some million. For individuals it's \$45 million, another \$50 million, and then you totalled them all up for me, frankly, for me — \$314 million.

Then we have your tax decreases for businesses, looked to me like about \$80 million, and for individuals — I haven't got there yet — but it didn't anywhere match the 300-and-some million dollars in increases.

So would your officials be able to help you there? All I'm after is sort of a balance between tax increases and tax decreases over the last few years for individuals versus business.

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, we're doing the calculations here on a quick basis but it's about the same, if you take the net, because the main thing that benefited the average person in this family was the income tax cut in this budget, which goes entirely to families — no benefit to business. And the fact that the \$110 tax cut associated with taking the tax off things like drugs, electricity, residential gas — the vast majority of that goes to individuals.

So it comes out to very close, and as I say, I'm reluctant to give you a precise number because we're doing quick estimates. But very close — they're very, very similar in terms of where they end up on a net basis.

Mr. Devine: — Well maybe you're entirely right and your officials are, but maybe you could just give me a rough estimate, sort of list them, add them up. Because I was doing it here, and it seems to me that the tax increases for individuals was substantially higher than that for business and the tax breaks for individuals was less than that for business. And when I netted it out, I got the ordinary, individual taxpayer was carrying the brunt of your fiscal policy. And obviously, I would like to see a fair balance.

So if your officials have a broad summary of what you've just given me, because you gave me both the increases and the decreases in both individuals and businesses; add them up, and it's netted, can you just roughly lay that out, please?

Hon. Ms. MacKinnon: — What my officials have given me is this — \$314 million increase in taxes on individuals. The deharmonization — 100 million of that went to individuals. Again the point I keep making, because of the nature of what

was cut there, these are almost all people items — clothing, non-prescription drugs, residential electricity, residential natural gas. All of that is individuals and families; it's not business. So 100 million there.

And 59 million tax saving to individuals on the income tax side, meaning that the net for individuals is about 155 million. If you look at the tax increases on business, an estimate of about 212 million, and the reductions of 51 million, leaving you net about 151 million. So as I say, these are rough calculations that we're doing right here as we speak, but very, very close in terms of the net tax effect.

Mr. Devine: — Well, Madam Minister, I wondered why, in terms of this Bill, you wouldn't consider a better balance of collecting this money between individuals and businesses, because this focuses so much on individuals, as I understand it. And why you were hesitant to share that burden with the individual taxpayer to some of the . . . particularly the larger corporations, as you know, in some cases are capable of modest sharing in something related to deficit reduction. Particularly it would be those businesses that would encourage you to apply money towards a deficit.

Hon. Ms. MacKinnon: — Well as I said to the member opposite, the reason we chose the reduction of the income tax rates rather than the sales tax, one of the reasons, is because 100 per cent of that benefit goes right to families. And so we did studies, we looked at what happens if you would've reduced the sales tax by one point. And the benefit to an average family is much less significant than reducing their income tax, because as I say, 100 per cent, \$59 million in benefits, goes right to families.

Now with respect to the business tax reductions, they're there for a different purpose. They're not there . . . the tax cuts to individuals are there because people would like to see their taxes lowered. The tax cuts to business are there for a different purpose — to target particular parts of the economy that we think will actually grow because they have a lessened tax burden. And that's small business, because the vast majority of the businesses in Saskatchewan are small business. So our view is, by taking less money out of their pockets, it's more likely that they're going to invest that money and to create more jobs.

And the other area that we have targeted tax reductions to is manufacturing and processing because in 1993 we reduced the taxes on manufacturing and processing. We saw immediately in the following years 2,000 new jobs in manufacturing and processing.

And that's why in this budget we put more tax cuts in for manufacturers and processors because we are convinced we will also see, as a result of that, new jobs. When some of the companies that are moving into the province talk to us about why they're moving into the province or why they're expanding here, it's because of the tax reductions that have been targeted to manufacturers and processors.

So the purpose there is quite different than the tax reductions to individuals.

Mr. Devine: — Madam Minister, I understand that. What I was saying, you're collecting about \$50 million more here from individuals only. And \$50 million is a lot of money to take out of the pockets of individuals, taxpayers. You're not sharing that burden with businesses. As I understand it, this Bill will take . . . I believe your number said approximately \$50 million it will collect, and it seems to me entirely from individuals.

Now I understand why you might want to give businesses a tax break on processing, manufacturing, and E&H associated with that. But what I'm asking is that just the logic behind why this seems to be focused on, if you will, individual family members paying this deficit down as opposed to a more equitable sharing with businesses.

Hon. Ms. MacKinnon: — I think what the member opposite has to look at is, the surtax used to be \$109 million. That is, we used to take \$109 million out of families' pockets for the surtax. That's now being reduced by \$59 million. We're taking only \$50 million out of individuals' pockets. So in fact we're taking less out of their pockets for the surtax than we have in the past. So it's a tax reduction in terms of what we're taking for the surtax and for their whole income tax.

Mr. Devine: — Madam Minister, this debt reduction surtax — how much money do you expect to raise this year, and if you would, maybe each year from . . . give me the next two or three years or four years, or say to another budget period, the next four years. How much per year and where's it coming from?

Hon. Ms. MacKinnon: — Probably the easiest way to explain it is, the way that it was in place in this tax year that you just filled out — people just filled out their income tax. In that year and ever since this tax has been introduced, the government would get about \$104 million from that tax.

When this tax change is in effect, fully in effect, the government will get \$49 million from this tax. So the tax reduction effect will be \$55 million.

Mr. Devine: — So then, Minister, over the next four years, do you anticipate collecting about \$50-some million year after year for the next four years? And do you have a time when you think you would terminate this tax? What's your forecast, what's your target, how long do you think that you would be . . . you would have it in place?

And have you given any thought, in this period over the next three or four years, of reducing that burden from the individual taxpayer and shifting it — if not eliminating it altogether — shifting some of it to share it more equitably with the business community rather than just individuals?

Hon. Ms. MacKinnon: — Well what I would say to the member opposite is that what our plan is, is to reduce taxes in the province as the tax cuts become affordable. This tax cut we

thought was a reasonable tax cut because 100 per cent of the benefit goes to families. The other half of the surtax that stays there is applied to the debt and will continue to be applied to the debt.

What we would have to do is, before we chose the next tax cut, we'd have to consult with the people of Saskatchewan. If they said that this was the tax cut that mattered most to them, obviously that would carry a lot of weight. If they said a reduction in the sales tax is what mattered the most to them, we would probably be much more likely to move on the sales tax.

I think what we have committed to is reducing taxes as it becomes affordable and listening to what people are saying in terms of which tax is, for the average family, the biggest concern.

Mr. Devine: — So, Madam Minister, you really haven't then given this any thought, to more equitable sharing of the burden of this tax — this \$50 million a year that you've got it down to — with the business community.

Secondly, you haven't really thought of a termination date. In other words, the general public can look forward to this tax, individual tax measure, indefinitely. Is that a fair statement?

Hon. Ms. MacKinnon: — Well as I said, our commitment is to reduce taxes. If for some reason or other people said this is the tax that bothers them the most, obviously it would be the next tax to be cut. But I'm not sure that I'm hearing that from people. I think I'm hearing from people, other things.

And the key thing about this tax is it's being applied to the debt, which is still a very significant problem in the province. And so I think from the point of view of the average person, the idea of a tax that goes directly to repaying the debt and lessening the interest payments is something that is acceptable to them.

In the area of business taxes, I'm sure the member opposite knows that the capacity to increase taxes on business is limited because we are constantly in an environment which businesses are trading jurisdictions off against each other.

So the capacity to go to a part of the business community and say, well I think you can actually have higher taxes here, I think is quite limited and I think you'd run into problems if you actually tried to do that.

Mr. Devine: — Well fair enough, Madam Minister. Likely we could say that this surtax will remain, as far as we can see, into the near future.

To summarize what we've learned here this morning, it looks like there's been a \$314 million tax increase on individuals over the last few years; a \$212 million increase for businesses, for a total of something like \$536 million in tax increases.

You've had reductions that amount to 155 million and 151 million for about \$300 million. So we've looked at a general tax

increase in the province of Saskatchewan for businesses and income and individuals in the neighbourhood of \$225 million. Does that sound fair enough?

Hon. Ms. MacKinnon: — Certainly in a net basis, the member is in the ballpark range.

Mr. Devine: — Okay, well that's what I wanted to find out. We've had a general net increase, ballpark as the minister has said, of \$225 million in increases in taxes in the province of Saskatchewan that is as a result of percentage increases, oil tax increases — that whole combination. I mean are there any other tax increases that the general public . . . in either fees or royalties or anything else that we should acknowledge here to be fair, in terms of looking at individuals versus companies?

Hon. Ms. MacKinnon: — All fees, royalties, everything, are included in the numbers that we've given you.

(1200)

Mr. Devine: — Okay. Thank you. So all the tax increases that we've experienced — just to summarize again — over the last few years, and the tax decreases, the net on that in the province in Saskatchewan for people, businesses, everybody included, is a net increase of about \$225 million in the province of Saskatchewan. Now, and that, Madam Minister, you're saying is approximately split 50/50 between individuals and corporations, and I'll just assume that that's the case.

Madam Minister, your revenues, your tax revenues, have they increased beyond the corresponding percentages?

In other words, have you raised some taxes a modest amount but you found out that the increase . . . the fairly inelastic demand for the particular product or service, and your revenue went way up? Or is you dropped some taxes, as we've seen in the royalty business, and your revenues went up. In other words, it was an inverse relationship.

It seems to me that your revenues are higher than the \$500 million that we've just summarized here in terms of taxes. Is that because of economic activity, is that because of elasticities, or what's the reason for that?

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, we'll get you the precise numbers. But the revenue has increased significantly because of growth in the economy, so that, for example, in the year that we increased the sales tax, retail sales that year grew in the neighbourhood of 6 per cent. So the increase in the sales tax revenue would come from, yes, the increase in the rate, but also because more people were buying more products and therefore we were getting more tax revenue from them.

Mr. Devine: — Well thank you, Madam Minister. Do you have a relationship between retail sales — we've asked this before of officials; certainly it was asked of me, I can recall — but the retail sales tax and tax revenue? The minister raised this point

earlier and I would just like her opinion. Sometimes when you raise sales tax . . . In other words, Madam Minister, if you raise sales tax to 12 per cent, you probably wouldn't get the corresponding increase in economic revenue.

I guess what I'm trying to determine here, are there specific and certain sectors in the taxation department where there is room to reduce taxes and also increase revenues? And we can get more specific, particularly as a result of the Canadian Federation of Independent Business and some of the things they've looked at, but I believe your officials would understand the question.

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, we're going to take a minute here because we're going to try to develop a case study of increases in sales tax and increase in revenue.

Mr. Devine: — I appreciate that, Madam Minister. And maybe while you're doing that, I just had some small questions that you probably could just clear up.

I believe that both of the ministers of Finance have been saying that up to \$150 will be taken off the surtax as of July 1. However, if I read the Bill correctly, in section 5.1(2) for the '95 tax year, the reduction is only \$75, with the \$150 reduction not coming until '96.

In other words, it will be — if I'm correct — April of '97 before taxpayers actually see this \$150 that you were recently talking about. Is this a contradiction, or am I reading this correct? It'll take until '97 to see this full reduction that we're experiencing.

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, what happens is, if you bring in a tax increase . . . well, for example right now, the budget of the province of Saskatchewan is not passed, this legislation is not passed.

The federal government has to deduct this from your pay cheque and there are only two times of the year in which you can get them to change their deductions — the end of the year or halfway through, which is July 1.

So as of July 1, they will start reducing the deductions from people's income tax. But because this means that there's only half a year involved, you can't obviously — you won't — get the full benefit because there's only the capacity to do it from July to December.

So the average person would see \$75 reduced beginning July 1. On their '96 income tax they will see a \$75 tax reduction. And then beginning in January 1 they will see the full benefit, 150 — January 1, '96 — \$150 reduction for a taxpayer, \$300 per family. And then they will, when they fill out their '96 income tax form, they'll see the full benefit on that form.

Mr. Devine: — The reduction or the benefit of \$50 million break; is it still accurate to say this is a \$50-some million break to the taxpayer between now and a year from now? Is that what it's going to add up to?

Hon. Ms. MacKinnon: — It's about \$35 million for this year.

Mr. Devine: — Pardon me, Madam Minister, this calendar year or this fiscal year?

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, this fiscal year, which is different, yes, you're right. The tax year for the government . . . December 31 is the end of their tax year. For the province, the end of our budget year is March 31. So that's why there's a difference. That's why it's not exactly half; it's more than half.

Mr. Devine: — Just to clarify it for the average homeowner or individual. The tax break is . . . it takes about a year and a half to appreciate the full value of it. You'll get, as you said, maybe, what, 65 per cent of it now, and then you'll get the rest of it by the time you get finished your 1996 income tax. You'll have the rest of '95 and '96 by the time you see it. So by January '97 you'll be fully engaged in this. Is that correct?

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite. No, as of January 1996, when an individual gets their pay slip — January 1996 — the deductions will be down to reflect the full benefit in January 1996. So that they will actually see by January '96 the full benefit in terms of what has been taken off their income tax. It will be down to reflect the full 150 for a taxpayer, the full 300 for a family.

Mr. Devine: — So your fiscal benefit this year of \$35 million is less than the full benefit because your fiscal year in '96 only goes for the first four months. Is that what you're talking about?

Madam Minister, you've been talking . . . the amendments to section 5 and section 5.1 say that there's a clarification regarding the taxpayer's residence. All reference to taxpayer's residence seem to be eliminated.

What was the effect of the previous wording and why is this eliminated? How many people does it affect, and how much money's involved?

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, this legislation just reflects a practice that has been occurring, but we needed to put it into law to be sure that it was completely covered from a legal point of view.

What it covers is a situation where you might have an accounting firm located in Toronto and the individual involved would be a partner in the firm, but the firm does business all across Canada. What Revenue Canada requires that person to do, that partner, is to allocate to Saskatchewan the tax associated with the work being done in Saskatchewan.

And in the past, we have been deducting tax and we have been treating tax that way, and the federal government has been treating tax that way. But we've never really had complete legislative authority to do that. So all this does is put legislative authority behind a practice that has been occurring in the province for some time.

Mr. Devine: — Thank you, Madam Minister; just another related question. Under the definitions for this program, qualified property is identified as falling under the definition of the federal Act. Might you explain the provisions and definitions of the federal Act in reference to this term of qualified property?

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, this is a complicated area. Qualified property is defined as property used in association with the qualified activity. So what that would mean is property associated with manufacturing and processing.

Mr. Devine: — Qualified property falls now under the definition of the federal Act. Is that correct? This is being consistent with the federal Act — is that the intent?

Hon. Ms. MacKinnon: — Mr. Member opposite, yes, that's correct.

Mr. Devine: — Okay. Thank you, Madam Minister. Under clause (iii) of the qualified property definition, you stipulate the property involved could never have been previously used. What does that mean?

Hon. Ms. MacKinnon: — Mr. Chairman, that means used equipment.

Mr. Devine: — Thank you, Madam Minister. The calculation for the tax credit on page 4 is quite complex — and I'm sure we've both apologized for this — but for the sake of the record, could you briefly walk us through the calculation and perhaps explain the policies, decisions, behind several of these elements and perhaps give us an example of how it would function for an ordinary business person?

(1215)

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, it's a complicated process. But I'm assuming, first of all, you're talking about a reduction? Okay, and I'll start going through the process here.

What you'd first have to do is define your manufacturing and processing income by going to the list of qualified activities. And so the qualified activities would include — and I'll read this to you — qualified activities include all activities directly related to manufacturing and processing. And these include . . . there's some other . . . these are the sorts of activities that they have listed: engineering designer products and production facilities; receiving and storing of raw materials; producing, assembling, and handling of goods in process; inspecting and packaging of finished goods; line supervision; production support activities including security, cleaning, heating, and factory maintenance; quality and production control; repair of production facilities; pollution control; all other activities performed in Canada directly in connection with manufacturing or processing in Canada of goods for sale or lease; and scientific research carried out in Canada.

So once you've decided that you've defined your manufacturing and processing income according to the list of activities that are acceptable, then you decide the allocation of those activities to Saskatchewan in order to determine the reduction rate.

Mr. Devine: — Madam Minister, maybe your officials could help us here. But where does the largest area of credits, where would you . . . where do we tend to find the largest area of credits? Is it a block of them or a group? What typically kind of industry or kind of businesses would be most likely to get the benefit?

Hon. Ms. MacKinnon: — To the member opposite. The largest examples of beneficiaries would be farm implement manufacturers, Flexi-coil; IPSCO, steel manufacturer; and all of the processing of raw materials that is occurring in the province — canola crushing plants, those sorts of activities. Those are the main beneficiaries of this.

Mr. Devine: — Thank you, Madam Minister. Your officials were going to look at sort of the relationship of sales tax or various tax increases and revenue. While you're doing that, Madam Minister, we had determined earlier, with your help, that the tax increases that you have brought into the province of Saskatchewan of 225 to \$30 million have generally been split between business and individuals.

Would that apply likely to the increases in rates at utilities in terms of Crown corporations and others? Is it generally split between individuals and corporations? Would that be a rule of thumb? Would that be ballpark? In other words, if you raise your power rates, you raise your gas rates, you raise your telephone rates, how is that split? Pretty much the same? Down the middle?

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite. We are developing a technical problem, first of all even developing the model I talked about, because what we have here is current year numbers plus some last year numbers for comparisons.

And we also have a problem with that question that you ask because we . . . The Crown Investments Corporation would have the information here with all the examples of the different Crowns. We don't have that information with us today so I can honestly not tell you what that sort of split would be.

Mr. Devine: — Well that's fair enough. Perhaps your officials could help us then and just . . . Generally I'm trying to get a flavour for this in terms of fairness as we're looking at individual versus corporations.

Could you give me a ballpark summary of the rate increases from the utilities? Do you have a ballpark figure? I mean I can dig it up. I've got the last year's auditor's stuff and a combination, but it seems to me that . . . And maybe I'm out a little bit here, but ballpark you said your net increases in taxes here have been 230, \$240 million.

The net increases in utilities, would that raise about the same amount of money? And if we assumed that it was sort of split 50/50, would that be out of line? Would that be fair to say, that the rate increases have raised about the same amount of money net?

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite. I really do not have that information here and I would really be hesitant to guess because all I would do would be guessing. And what I would say to the member opposite is when CIC (Crown Investments Corporation of Saskatchewan) is here they can give you those numbers, I'm sure, in great detail.

People . . . In terms of the number of clients that something like SaskPower would have, there would be many more residential clients. But in terms of the dollars, they also have huge, huge clients that would be paying significant dollars relative to the individuals. But I just . . . I'm sorry, I just don't have those breakdowns here.

Mr. Devine: — Well I guess it's an ongoing dilemma that we have, Madam Minister. But when we're looking at tax Bills and tax measures, we're trying to get the fairness between the individual taxes and business taxes.

The other thing that you're aware of, and certainly your officials are, I am, and I'm certainly the chairman is . . . and most of the public is becoming aware because of the auditor's remarks, is that we have a great deal — 40-some per cent — of your economic activity that is, as you've just mentioned, sort of outside the legislature. You can't talk about it; you don't have the numbers; you don't have access. You don't have the capacity to share with me, the picture.

The problem that we run into, Madam Minister, in talking about this kind of Bill is that when I get to the minister in charge of CIC, he can't answer for your side of the ledger, and we need the complete picture. I mean anybody talking about taxes . . . and any legislature's the same. It's not isolated or confined to you or the Saskatchewan legislature. It maybe is a bit more so here because we have larger Crowns but . . .

In other words, Madam Minister, I guess what I'm concerned about is, or I just ask about is, can you give me any indication, or can your officials, who borrow for the Crowns, and you, make the picture . . . I can give you last year's numbers, but are they . . . and it looks like the Crown corporations' revenue has been increased several hundred million dollars because of rates. Is that fair? I mean have you got a ballpark figure of what it might be? You must have; you put your budgets together. You sit at the treasury benches.

The general tax increases of \$200-and-some million. What about the utilities? Can you give me any idea at all? And I'm not trying to hold you to specifics, but can you give me, can your officials give me, any indication of what the average . . . Well if we just take the tax increases on utilities, if they've amounted to about the same — two or three hundred million

dollars — would that be fair? Is that average? Is that a ballpark? Do you have a ballpark figure for this committee or before this House so that we could have an idea of how fair your tax measures are here?

If in fact, Madam Minister — and one of the reasons that I'm concerned about it is — if in fact the individual homeowner and the individual taxpayer pays a lot more of these utilities increases than the businesses do . . . because businesses obviously can use utilities as write-offs. Businesses can say, as a taxable allowance I can write-off my telephone bill, my power bill, my gas bill, my insurance bill. The individual homeowner or the individual employee can't do that.

So it's quite critical, Madam Minister, and I think you'd understand — I'm sure you do — that if we're looking for fairness between how you've taxed people as individuals versus corporations, the other side of the ledger is quite important. In other words, how much have you taxed individuals versus corporations on the utility side completes the picture so we can talk fairly about the measure taken in this Bill.

So could you give me a ballpark figure and even your best guess from your officials — and I won't hold you to it, I'll hold your officials to it — your best guess of the fairness in utility increases in terms of — or the balance — in terms of individuals versus businesses.

Hon. Ms. MacKinnon: — Mr. Chairman, they don't have a guess about that. They're separate activities. The taxes that we collect, the taxes that we've talked about all the time that we've been talking are used for the services that the province provides. That is, all these taxes, whether they're business taxes or individual taxes, are used for health, education, agriculture programs, etc. So that's one part of the equation.

Utility rate increases are a separate issue — they're user-pay. They're what an individual pays a company for the service they get. And the increases that occur there, occur in other provinces. Bell Canada increases its phone rates, as well; only thing, it doesn't go to the government, it goes to Bell Canada instead of to SaskTel.

So they're entirely separate. The only relationship between the two is, a dividend is paid from the Crowns to the government every year which reflects the fact that the Crowns don't pay taxes.

So it's equivalent to a tax. I mean if these were private companies, we would be taxing the private companies. SaskTel would be paying a tax because it's a private company. It doesn't pay those taxes, so instead we take a dividend, which comes across and which you see a number for.

Now this past year we didn't take a dividend. Next year, I think the estimate is \$50 million. But they're absolutely separate activities. And there's no sense in which a utility increase is a tax. Because let's say the power corporation, the phone corporation, the energy corporation were all private companies;

they would be increasing rates — and they have increased rates across Canada — and the individual would be paying the increased rates, and they wouldn't say this is a tax. So just because it's a government company, it shouldn't be considered a tax.

Now in this year's budget, on page 83, we have a table in there in which we compare our rates — the cost of utilities, all of the utilities in Saskatchewan, to other provinces — and in fact what you find is that our rates are amongst the cheapest in all of Canada. If you look at the cost of basic things like telephones, auto insurance, electricity, to the average household, we are amongst the cheapest in all of Canada.

So I think that's the kind of gauge that you need. Because as I say, were SaskPower a private company it still would be increasing its rates and nobody would say it was a tax.

Mr. Devine: — Maybe, Madam Minister, to help, you can just give us a summary of the dividends paid by CIC then to your side of the ledger from '91 or '92 to date. You say you're not forecasting one this year, or you're forecasting one next year of 50 million. What have they been? To give us an idea of how much money you've been taking from the Crowns in lieu of taxes.

And while you're digging that up, Madam Minister, if I look at last fall's summary statement by the auditor, I find the Crown corporations had a net position of \$600 million — \$600.295 million, to be precise. Now that's a lot of excess money. And I'm trying to find out, in generating that excess money, did it come from individuals or did it come from businesses? Because then we can get a sense of the fairness associated with . . . of utilities and taxes on businesses and individuals.

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, to date the money that has come from the Crown corporations to the General Revenue Fund is \$30 million.

(1230)

Mr. Devine: — So from 1992 to date, the Crown corporations through CIC have contributed \$30 million to the General Revenue Fund in total. Nothing else? You haven't got any other dividends from the utilities at all?

Madam Minister, the rate increases . . . The average person would find that interesting. If the rate increases have resulted in, as the auditor has pointed out, hundreds of millions of dollars in net profits to the corporations, why do you . . . I guess the average person would ask, why all these rate increases if we've got these huge, if you will, monopoly profits in the utilities that the government can call on and draw on.

And why would the minister not . . . could you maybe just ask . . . We could ask, why would the minister not want to see more contributions from these huge monopoly profits come to reduce the general tax burden on individuals?

It seems just a little bit . . . I guess, Madam Minister, it seems like taxation when your power bill goes up and your utility bills go up associated with telephones and gas and insurance. When those rates go up, it seems like taxation to the average taxpayer.

And then when they see the monopoly profits and taxes still go up, they say well, where's the money going if there's \$100-and-some million monopoly profit in Power or \$100 million monopoly profit in SaskTel, and you say you're not using it? They say, well why do we need these increases in monopoly profits if you're not using it and the Crowns have this surplus? And isn't it in fact . . . Doesn't it look like a tax increase to you, Madam Minister?

And could you give us some idea, as you sit on the cabinet benches and treasury benches, why have they had all these increases if you're not using it to generally . . . as you described earlier, you can draw money over to help roads and hospitals and so forth.

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, what is also over in CIC are all the megaprojects. And the profits from the Crowns, one of the purposes, besides the fact that they have to build infrastructure in the province — they have to replace phone poles or whatever — are going to subsidize the megaprojects that are losing money and have gone to subsidize megaprojects losing money.

But to go back to the point, utility increases are not taxes and cannot be construed as taxes, because I think what the average person would understand is that in Saskatchewan, SaskPower is a Crown corporation. In Alberta, Alberta Power is a private corporation. Both of them have increased utility rates, and I have some numbers available to show that Alberta Power has in fact increased their rate at a more dramatic rate in the '90s than has SaskPower.

And the people in Alberta, when they have an increase in their rates by Alberta Power, don't say, well the Government of Alberta has increased taxes. They say Alberta Power has increased the rates, and it's exactly the same in Saskatchewan.

Mr. Devine: — Madam Minister, could you . . . maybe you could just help out the average taxpayer here who must be probably wondering . . . if I could just give you an example. We would just like to know where . . .

The auditor said last fall that there's \$600 million in net money in summary statements in the Crowns. And we see — if I could just take a moment — SaskPower rate increases went up 4 per cent in '92; 4.9 per cent in again in '92; and 3.8 per cent again in '94. And the monopoly profits, the profit, net profit in SaskPower, for example, was \$118 million at the end of '91; \$107 million at the end of '92; and \$81 million at the end of '93.

Now that's 1, 2 . . . almost \$300 million in net profits, and the rates went up 4 per cent, 4.9 per cent, and 3.8 per cent. And the general public is saying, well if those rate increases go up and the net profits keep going up, where is the money going?

Madam Minister, you say you're not taking dividends from there over here. Could you briefly describe to the average taxpayer why you think that those rate increases aren't taxes and tax increases when the utility raises them, stores up the money; according to the auditor, has something like \$600 million stored up. And you said you haven't used it.

Madam Minister, can you just take the case of SaskPower with about \$300 million net profit over the last three years. Could you explain to the average taxpayer where that money is? What you're doing with it? Do you have access to it? If you wanted to next year, could you draw \$100 million out of there? Could you draw more than you've indicated?

Like this year, you said you're not drawing any. Next year you're going to draw 50. How much could you draw? Why did you pick the number — say — \$50 million for next year?

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, as he would know, this is . . . I do not have the records of SaskPower here. That's not the information I have. But to the average person, you say let's say a Crown corporation makes a profit of \$100 million, but they also have demands on the infrastructure of the province.

For example, people in the north-west said we need gas pipelines coming through here, so we can take the product out. Where does that money come from? It comes from the profits of the companies involved. Otherwise you have to go out and borrow and add to the debt of the province. So some of their profits are used to build infrastructure — power poles.

The other thing that occurs though is megaprojects are over there, on the same part of the government, and they continue in some cases to require subsidization. And the key thing is that all of this is laid before the legislature and the public — which wasn't true in the past. Here's where the money is coming from. Here's where it goes.

So when you get CIC in here . . . Or you can actually do it right now; you don't need CIC if you had access to all of the different annual reports and the overview that CIC provides. The average person can see exactly where their money is going.

But I think the key thing is that if these were private companies, they would be doing exactly the same thing. They'd be taking in money, they'd be using some of the money to build new poles or to build new pipelines as required, and they would be paying some of the money in taxes — except the difference here is we don't call it a tax, we call it a dividend.

Mr. Devine: — Madam Minister, I have before me the summary statements of the Provincial Auditor, 1994, a few months ago. And it has all the corporations — SaskEnergy, SaskPower, SaskTel, Sask Transportation, Sask Water, Sask Forest, Sask Liquor, Sask Economic Development, Saskatchewan Government Growth Fund, Crop Insurance, Government Insurance, auto fund, Workers' Compensation, employees, and various adjustments.

Madam Minister, the auditor summarized it all up a few months ago and he says the net position of those corporations is \$600.295 million — net.

Now we're talking about a Bill to address taxes. If there is \$600-and-some million net in utilities and you're not using it and you're saying . . . and this net. I assume, Madam Minister, that they've budgeted for their natural gas pipelines and they've budgeted for their various projects and they budget for their water and they budget for their bridges and they budget for their telephone poles.

And if they've budgeted that and they are self-liquidating — as utilities are because they can raise the rates — and they have a surplus of \$600 million, I'm just asking, Madam Minister . . . the taxpayer is saying — and you admit it now — on your side of the ledger you've raised taxes net, net tax increases since you were elected, 225 to \$250 million — net.

On the corporation side I suspect, Madam Minister, that you have raised tax equivalents, utilities, at least that much. The auditor said it's \$600 million net. Now you don't want to seem to share that with the taxpayer or you're storing it up for something.

But, Madam Minister, it's . . . I know that utility increases are like a monopoly and that you are going to raise them to run the utility. But, Madam Minister, we have a very large surplus there and you have access to it. I guess my next question would be, you don't think it's a tax, but you've got a huge surplus; Madam Minister, do you have access to the monopoly profits of CIC?

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, we're talking about income tax, and I would like to bring the member back to the topic at hand. And so what we're talking about is whether or not the opposition wants to pass a Bill that gives tax cuts to businesses and tax cuts to the average family, and that's the issue here.

And you know, we can stand here and debate for hours and you're never going to believe me and I'm probably never going to accept your view. A utility increase has got nothing to do with taxes. It's a fee for a service provided that occurs across Canada. And if it's a Crown corporation it's paid to a government entity here. And if it's in Alberta, exactly the same rate increase occurs and it's paid to a private company.

You will have every opportunity when CIC is here to go through in detail the sorts of questions that you're asking, but all I can say to the member opposite is that the books of the province are wide open. There is no money hiding around anywhere. And the *Public Accounts* account for the way the government spends money. There is no capacity on the part of the government to go and access huge pools of money. They don't exist.

Mr. Devine: — Madam Minister, you just finished telling me that you are going to access \$50 million for next year's budget from CIC. Isn't that what you said — \$50 million?

Now what I'm asking, Madam Minister, could you do a hundred? In other words, instead of having this tax break stop at \$50 million, could you go all the way and take it out of CIC, because evidently they have in a net position hundreds of millions of dollars?

So, Madam Minister, number 1, you agree you could take money out of there because you're going to budget it for next year. Number 2 is, can you take more? And why are you limiting yourself and still taxing individuals when you have this huge surplus on the other side of the ledger? In other words the taxpayer says, why are you still taxing me this way, either in income tax or sales tax, when you have all this money on the other side that the auditor said is frankly unaccounted for in the Legislative Assembly?

He said about 50 per cent of the budget is not brought together with the rest of the budget. Now that's the auditor saying. So the taxpayer would like to know that too. If the auditor is right, that you have access to more money on that side of the ledger, why can't you take more of that money and reduce income tax in the province of Saskatchewan? That's the question, Madam Minister.

Hon. Ms. MacKinnon: — Mr. Speaker, to the member opposite, the auditor of course did not say that we have access to more money. We do not have access to more money. We have begun to reduce taxes, and of course as our financial position improves we will continue to reduce taxes.

Mr. Devine: — Madam Minister, would you explain to me then where you're getting the \$50 million that you just talked about that you're going to take from CIC in the next budget?

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite. What I have said to the member opposite is it's a dividend. It comes from the profits of the Crown corporation. It is probably quite close to what those corporations would pay in taxes were they private corporations.

Looking at the level of their profits, this is probably very close to the level of taxation they would pay if they were private companies. And the private companies would be paying these taxes over to the government, as do the Crown corporations, to provide health, social services, etc.

Mr. Devine: — Fair enough, Madam Minister. Would you think it might be possible to take more than \$50 million, given the large monopoly profits in the Crown?

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, we do not think it would be reasonable to be taking a lot more because what happens is part of their profits goes to providing infrastructure and paying down some of their own debt. So all you're doing is increasing debt on one part of the government to pay another part of government. So you take \$100 million dividend. They go out and borrow more money. Their debt goes up, and you're just going in a circle which is what happened in the past.

So we take a level of dividend that we think is appropriate in terms of the level of profitability, but there's no point in taking more and just driving up the debt of the province.

(1245)

Mr. Devine: — Madam Minister, again what we're trying to get you to consider on behalf of the taxpayer . . . if you have raised taxes by about a quarter of a billion dollars net . . . and you have these large increases in utilities that generate the same: \$100 million in 1991, another \$100 million in 1992, and \$81 million in 1993 from SaskPower. You've got 27 million in SaskEnergy, \$51 million in SaskEnergy in 1992, \$68 million in 1993. SaskTel over the same period, Madam Minister — 51 million, 79 million, 88 million. Hundreds and hundreds of net millions of dollars, hundreds of millions of dollars — and you've taken that out of the average individual's pockets. At the same time, you've increased taxes.

Madam Minister, what they're asking, the individual taxpayer is saying . . . and I don't want to necessarily get into the question of income tax and tax increases. Not only did you raise taxes to the individuals here in the province of Saskatchewan by almost a quarter of a billion dollars, but you've raised all these rates. And these rates, Madam Minister, add up to . . . in this case, it looks like even more money than you've raised in terms of taxes. And you've admitted now that you can take dividends from those Crowns and bring them over and use them.

So, Madam Minister, the average taxpayer is just asking if we can take dividends from the Crowns to provide the money that you need in the neighbourhood . . . like you said, \$50 million. Why couldn't we look for income tax breaks or sales tax breaks if we've had to pay these high utilities at the same time?

In other words, Madam Minister, could you explain to the average taxpayer . . . is there a relationship between tax increases on the utility side and tax increases on the government side? And can the average taxpayer look forward to some relief from utility rate increases or dividends that can compensate for income tax more than you've done in the past? Or is it still going to be tax them in utilities and turn around and net tax them on income tax and sales tax and fees and rates and royalties and the combination thereof?

See, Madam Minister, it just adds up to so many hundreds of millions of dollars that you have access to, but you're not using it, and you're not explaining it well enough. Why can't you have access to that money that the auditors talked about to help reduce the tax burden on individuals?

If SaskPower, SaskTel, and SGI (Saskatchewan Government Insurance) have hundreds of millions of dollars in net money, why do you still have to have this net increase of \$240 billion in tax increases that you promised you'd never do on income tax to the average individual and small business?

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite. I'll say again, a utility increase isn't a tax.

SaskPower increases utility rates for SaskPower. A private company as it is in Alberta, it's called Alberta Power. It increases utility rates. The people of Alberta, when they pay their utility rates to Alberta Power, a private company, don't say, oh my gosh, my taxes have been increased. This is incredible. Well just because this happens to be a public company here — and our rate increases, by the way, have been less than in Alberta — they say, oh, it's a tax increase. Of course they don't. They say, if this was a private company I'd be paying a rate increase exactly the same as I do in Alberta.

The member opposite is actually revealing an important point here. And that is that the members opposite have learned nothing from what happened in this province in the 1980s because what he is advocating is exactly what happened in the '80s; that is, they took the Crowns and they said, my gosh, there's some money sitting there. And let's just take that money across and spend it.

And then what did the Crowns have to do? They don't have the money because it's all being spent. They go out, and they borrow money to build power lines and to build dams and to build all kinds of things. And all of a sudden the debt of the province is ballooning. But it doesn't matter because you've just taken every bit of money you had, and you spent it.

So I mean it doesn't work. If you spend money that you don't have, you rack up debt, and it just means you pay more later because you pay not only the money back but all the interest which is what we've come through. And it's astonishing to me that, having gone through the '80s, having done exactly what he's saying . . . That's exactly what happened in this province in the '80s. Dividends taken out of the Crowns to bleed the Crowns of all their money and then to carry on their activities, they have to borrow money and rack up debt.

We're not going back to the '80s. We're going to manage things responsibly. We're going to not take money from the Crowns that they can't afford and force them to go out and borrow money for their activities.

THIRD READINGS

Bill No. 49 — An Act respecting Interior Designers

Hon. Mr. Lingenfelter: — Mr. Speaker, I move the Bill now be read a third time and passed under its title.

Motion agreed to, the Bill read a third time and passed under its title.

Bill No. 58 — An Act to amend The Income Tax Act

The committee reported progress.

The Assembly adjourned at 12:49 p.m.

CORRIGENDUM

Hansard No. 61A, Thursday, May 4, 1995, 1:30 p.m., page numbers 1941 to 1968 inclusive should be renumbered to 1973 to 2000 inclusive.

We apologize for this error.

[Note: The online version has been corrected.]