

March 29/90

EVENING SITTING

GOVERNMENT ORDERS

COMMITTEE OF FINANCE

TABLING OF ESTIMATES AND SUPPLEMENTARY ESTIMATES

Hon. Mr. Hepworth: -- I have a message from Her Honour the Lieutenant Governor, Mr. Speaker.

The Speaker: -- The message from Her Honour reads as follows:

The Lieutenant Governor transmits estimates of certain sums required for the service of the province for the 12 months ending March 31, 1991, and supplementary estimates of certain sums required for the service of the province for the 12 months ending March 31, 1990, and recommends the same to the Legislative Assembly. (Signed) Sylvia O. Fedoruk, Lieutenant Governor, province of Saskatchewan.

Hon. Mr. Hepworth: -- Mr. Speaker, I move:

That Her Honour's message, the estimates and supplementary estimates be referred to the Committee of Finance.

Motion agreed to.

MOTION FOR COMMITTEE OF FINANCE
(BUDGET DEBATE)

Hon. Mr. Hepworth: -- Mr. Speaker, I am proud to stand before the people of Saskatchewan to present this government's first budget of the 1990s.

The past year has to be regarded as a turning point in world history. The tearing down of the Berlin Wall, the student movement in China, and the massive political change in the Soviet Union reflect one of the greatest political reform movements ever witnessed.

At the same time dramatic events are taking place in the world's economy. More and more the global economy is based on trade and information and technology rather than just the production of goods. The horizons of local markets are broadening into a world market-place. Clearly in this changing world a new economy is before us.

However, while people around the world struggle for political freedom, the impacts of drought, high interest rates, and international grain trade wars threaten our prosperity. It is a time when there are more questions than answers. It is a time of uncertainty and harsh reality, but also a time of opportunity. It is a time of hope but also a time of distress. Simply put, we are at a crossroads.

Mr. Speaker, these are indeed difficult economic times for our farmers, our

families, and our communities. But in difficult times Saskatchewan people have a tradition of working together. We set aside our differences and persevere. We overcome the difficulties and build a better future by finding common cause with one another. We find the best ideas, the ideas that work, and we implement them.

In preparing this budget, we have renewed our commitment to working together. We asked the people to be part of the process. We asked for their ideas, comments, and suggestions and they responded. At town hall meetings, in cafés, at grain elevators, and on shop floors, people told us how we should deal with change and how we should build for the future. I thank all of those who came to our meetings and shared their views with us. I see some of them sitting here tonight, Mr. Speaker, and I say to you and to all who participated, thank you; your input helped shape this budget.

Well, Mr. Speaker, what did these people tell us? They told us to eliminate waste and inefficiency in government. They told us that education and health and agriculture must be protected. They said they did not want tax increases. People told us that governments must learn to live within their means. People said that they were concerned about the future of their communities. Most importantly, people told us that we must work together.

I stressed that the pre-budget consultations were only the beginning for building a new consensus. Under the leadership of our Premier, this government will work with the people of Saskatchewan to enhance our Saskatchewan way of life, to stabilize our communities, to build and diversify our economy, and to manage our financial resources.

Mr. Speaker, this budget addresses the concerns of the people. They focus on three areas: first, financial management; second, taxes; and third, the spending priorities that we should pursue.

On the issue of financial management the messages from the people are loud and clear. Time and time again at the pre-budget public meetings I heard about waste and mismanagement in government. People raised concerns about the salaries of ministers, about severance payments, about travel expenses, and about the size of government. Have we responded, Mr. Speaker? I say yes.

Mr. Speaker, we have undertaken significant measures to control internal government spending. We have rolled back the salaries of cabinet ministers and legislative secretaries. We have eliminated severance payments for government MLAs going to government jobs. We have restricted government and Crown corporation travel and advertising. We have amalgamated several government departments to provide for more efficient operation, and we have frozen the size of the civil service -- management measures, Mr. Speaker, that will add up to \$60 million in savings to the taxpayers over the next two years.

The belt tightening had to start with us -- it did. It was an important and necessary first step but it was not enough. Larger spending programs

needed to be reassessed if we were to find taxpayers' savings in blocks of 30 or 40 or \$50 million, Mr. Speaker.

Well to that end, Mr. Speaker, what else did we hear at these meetings? At every meeting I heard phrases like: forget about grants and rebates; get rid of the election gimmicks and get rid of the paper-pushing programs; get out of these programs and get your priorities straight; that our spending priorities should be education, health, and agriculture.

So earlier this month, Mr. Speaker, our Premier reaffirmed this government's commitment to these, the priorities of the people, and to meet this commitment it was necessary to terminate the home program, phase out the fuel tax rebate program, and modify the mortgage protection plan -- further spending reductions of nearly \$200 million over the next two years, Mr. Speaker.

Tough decisions, but necessary ones, Mr. Speaker. Unfortunately, they too were not enough. They were not enough to offset the high interest rate policy of the federal government, the off-loading of the federal budget, and the worsening crisis in agriculture. More had to be done. And so, Mr. Speaker, tonight I am announcing further measures to control and restrain government spending. These include: terminating the fossil fuel and energy research program; eliminating Regina rail relocation assistance; eliminating the grant for the Saskatoon Centennial Auditorium; reducing highway capital construction by \$12 million to the \$109 million level; restricting new government construction projects; eliminating the Saskatchewan stock savings plan; eliminating the municipal transit assistance program; and we will be reducing grants for international aid.

As well, Mr. Speaker, in this budget, funding for 21 government departments and agencies is frozen or reduced; and of these, eight will have their budgets cut by more than 10 per cent. We also expect our partners -- the municipalities, the universities, the school boards, and the hospitals -- to join with us to achieve real savings as we have done. Combined, all these measures taken to date by this government will provide over \$300 million in savings to the Saskatchewan taxpayers over the next two years, Mr. Speaker. Let me repeat that, Mr. Speaker. These measures, yes, these cuts, will provide over \$300 million in savings to the Saskatchewan taxpayer.

As well, Mr. Speaker, those who are looking to this budget tonight for new programs and new initiatives and new money, they will be disappointed. The times dictate otherwise, Mr. Speaker. Rather, we have acted responsibly. We have strengthened our commitment to education, health care, and agriculture -- the priorities of the people. This government has listened to the people; this government has responded.

Turning now to education, Mr. Speaker. At public meetings more people spoke about education than any other issue. They may not have talked about the service economy, the knowledge economy, the technological era, or the information age. But people did talk about how the world is changing. They instinctively know that in the face of global change, education is the key to our children's future and the future of our communities and of our

province, Mr. Speaker. More than ever our children need a re-emphasis on those things we have always considered important in a well-educated person, a solid grounding in oral and written communication skills; a firm foundation in history, geography, mathematics and science; and the new requirements of computer and technological literacy. As well, we must foster the creative and analytical dimensions of our children's keen young minds.

Mr. Speaker, this is what the core curriculum agenda is all about, an agenda for a changing world, and that is why this budget will provide almost \$10 million for the funding of the core curriculum initiatives in 1990-91.

Some Hon. Members: mHear, hear!

Hon. Mr. Hepworth: -- When people think about our education system, their thoughts are often of the 200,000 children in our schools across the province or the students at our universities and technical institutes. There are others, however, who do not immediately come to mind, those who, through no fault of their own, can neither read nor write.

It is important to reach out to these people. That is why, together with IBM, we introduced the Principles of the Alphabet Literacy System or PALS, as it is commonly known. PALS, a talking computer system, is teaching people to read and write. Individuals advancing two grade levels in 20 weeks is not uncommon. PALS is exceeding our expectation in improving literacy levels, and I say to you, Mr. Speaker, that this program is a fine example of business working with its partners in education to provide opportunities for the less fortunate, a particularly notable initiative in 1990, the International Literacy Year. Mr. Speaker, in this day and age when we hear so much about rights and freedoms, one that is absolutely fundamental is the right to read, Mr. Speaker.

Some Hon. Members: mHear, hear!

Hon. Mr. Hepworth: -- There is another group that is deserving of extra help. These are the children who go to school hungry, an issue that was poignantly articulated by a young fellow here at the Regina pre-budget meeting. Hungry children do not achieve their full learning potential. Church groups, schools, parents, volunteers, and governments recognize that the problem of hunger is a shared responsibility. The Minister of the Family, together in partnership with these groups, will continue to seek long-term solutions to eliminate child hunger. Tonight I am announcing that this budget provides 740,000 to help meet the immediate needs of these children, Mr. Speaker.

Some Hon. Members: mHear, hear!

Hon. Mr. Hepworth: -- Mr. Speaker, I would now like to turn to the subject of our regional colleges. When cabinet ministers or MLAs visit communities across the province, whether it be Swift Current or Nipawin or North Battleford or Weyburn, they are told that young people must have access to high quality, post-secondary education right in their own communities.

Regional colleges, fibre optic networks, satellite technology, and other distance education initiatives, Mr. Speaker, are providing these opportunities.

And so that more and more university and technical institute courses can be offered in more and more places across rural Saskatchewan to more and more of our young people, I am pleased to announce tonight additional funding of \$2.6 million for our regional colleges, bringing their total funding to \$8.1 million, Mr. Speaker.

Some Hon. Members: mHear, hear!

(1915)

Hon. Mr. Hepworth: -- As well, our commitment to assist students in obtaining access to post-secondary education, whether it be to our universities, the Saskatchewan Institute of Applied Science and Technology, or our regional colleges, student aid funding in this budget will nearly double to \$47 million, Mr. Speaker.

Some Hon. Members: mHear, hear!

Hon. Mr. Hepworth: -- High quality education, Mr. Speaker, is important, but it requires a substantial amount of money. That is why this budget provides increases of 5.6 million for the Saskatchewan Institute of Applied Science and Technology, bringing their total budget allocation to 56.9 million. That is why this budget provides for an increase of \$6 million for our universities, bringing their total budget to \$162.3 million. And that is why this budget provides for an increase of ten and a half million to school boards, bringing their total budget to 360.3 million, Mr. Speaker. In total we are providing a 5.6 per cent increase for education, a budget which now totals \$888 million, Mr. Speaker.

Some Hon. Members: mHear, hear!

Hon. Mr. Hepworth: -- Mr. Speaker, this is a significant amount of money. This \$888 million education budget represents almost one-fifth of our total spending. This \$888 million, Mr. Speaker, represents an expenditure of over \$2,600 for every elementary and secondary school student. And it represents, Mr. Speaker, \$8,500 for every university student in Saskatchewan.

I would like to emphasize that over three-quarters of our education budget goes to school boards, universities, and technical institutes -- our education partners. Our education budget is a large expenditure, but more importantly, a necessary investment. However this investment raises a number of questions.

Who should pay and how much? Do we have the right governing system for the 1990s and beyond? Will the standards of our education system allow our children to meet the challenges of international competitions? These are not new questions but questions that have eluded the consensus in the past. There is a need to examine these and other issues so that we can continue

to have an education system that meets our changing requirements and expectations.

Well, what did we hear from the people on health, Mr. Speaker? The people of Saskatchewan have told us that health care must remain a top priority. This government has maintained and enhanced Saskatchewan's reputation as a world leader in the delivery of health care services.

Despite significant cutbacks in federal government transfer payments to the province, tonight I am announcing a funding increase of almost 10 per cent for health, Mr. Speaker.

Some Hon. Members: mHear, hear!

Hon. Mr. Hepworth: -- This \$136 million increase will bring the budget for health care spending to \$1.5 billion.

And Mr. Speaker, I could describe in detail how health dollars will be spent this year. I could describe how these dollars are providing the latest in health care technologies, how these dollars are being used to increase personal awareness about the need for healthy lifestyles, and how the increases in funding of 9 and a half per cent for home care, 8.7 per cent for nursing homes, and 6 per cent for hospitals will be used.

But rather, Mr. Speaker, I believe it is important to put this one and a half billion dollars in perspective for the taxpayers of Saskatchewan. For example, nearly one out of every three dollars the government spends on behalf of you, the taxpayer, goes to the health budget. It means that if we took all the money you pay in income tax and sales tax, major revenue sources, that still wouldn't cover the health budget. We'd still be short by \$80 million. Or to put it another way, the increase alone, the \$136 million increase in health spending, is the equivalent of raising the sales tax by two percentage points, from 7 to 9 per cent, or the equivalent of raising the personal income tax that we all pay by 15 per cent.

Mr. Speaker, this government, on behalf of you, the taxpayer, will spend on health over \$172,000 per hour -- \$4.1 million a day, every day of the year, Mr. Speaker.

Now we are all proud of our health care system; we want it protected and the health of our people improved. We must however, though, Mr. Speaker, ask fundamental questions about health care. Can we as taxpayers and users of the system sustain double digit growth in health care spending year after year? How can we make health care services more responsive and more sensitive to local needs and priorities? What do we do to ensure the appropriate supply, distribution, and training of health care professionals? And finally, Mr. Speaker, how do we deal with the many ethical and technological issues in health care?

To answer these and other questions, this government established the Saskatchewan Commission on Directions in Health Care -- the Murray commission. They have canvassed the people of Saskatchewan on these and other issues. We look forward to their recommendations. And importantly,

Mr. Speaker, the people of Saskatchewan look forward to having an opportunity to comment on the commission's recommendations. I urge everyone to get involved. We must build a province-wide consensus so that our health care system remains the finest in the world, Mr. Speaker.

I now want to spend a few minutes on agriculture, Mr. Speaker. I spoke earlier about global political and economic change, and if ever there was a group that knows the meaning of change, it has to be Saskatchewan's farmers. Today's farmers can tell you about European farm policy, the impact of the recent United States budget, and the high interest rate policy of the Bank of Canada just as readily as they can tell you about a new variety of lentils, the side-banding of fertilizer, or embryo transfers. Farmers also know that the international agri-food arena has erupted into an economic war, financed by the treasuries of some of the world's largest and wealthiest nations. It hurts not only our farmers but also our farm service sector and all the jobs that it represents in all the communities across this province, Mr. Speaker. Our entire province is caught in the global cross-fire.

Foreign agri-food policies -- that's quite a mouthful, Mr. Speaker, foreign agri-food policies. And I'm going to digress from my budget text for a moment, Mr. Speaker, and explain exactly what I am talking about here. And I'll use a couple of examples to do so. For example, Japan buys grain on the world markets, grain from Saskatchewan farmers, for something in the order of 4 to \$5 a bushel. It then sells that bushel of grain to its own flour mills in Japan for \$25 a bushel, taking the profits to subsidize its farmers to grow their wheat at \$50 a bushel. You can see who's making the money on our wheat, Mr. Speaker.

Or consider this example: Saudi Arabia takes the salt out of the sea water to irrigate and grow wheat on the sand dunes at a final cost of nearly \$100 a bushel. Now, Mr. Speaker, I say to you, you pay our farmers \$100 a bushel and they'll grow wheat on the steps of this legislature. These bizarre, market-distorting, foreign agri-food policies, combined with the albatross of farm debt, continued high interest rates and repeated droughts, have had a devastating effect on Saskatchewan farmers, Mr. Speaker. It is no wonder we have reached a crisis situation.

Realized net farm income is forecast to be negative \$9 million for 1990. This is the lowest level since the 1930s. Everyone has tried hard to avoid this crisis. Farmers have tightened and tightened their belts. Governments have responded with drought and deficiency payments. Crop insurance and grain stabilization have provided major pay-outs as these safety nets responded to low prices and low production. Given a choice, do farmers want more deficiency payments and more ad hoc programs and more subsidies? I say they do not, Mr. Speaker.

Our farmers ask only for fair access to markets. They are only asking for a price for their bushel of wheat, determined not by the size of a nation's treasury but by the quality of the product. They ask only for a chance to compete fairly, Mr. Speaker, that is all they ask.

The crisis in agriculture has placed an unbearable economic and emotional

strain on rural Saskatchewan. It is having a serious effect on all our communities both large and small. The casualty in all of this may well be the Saskatchewan way of life. I say to you, Mr. Speaker, this Premier and this government will stand by our farmers.

Some Hon. Members: mHear, hear!

Hon. Mr. Hepworth: -- We know our farmers need money and they need it now to get the crop in. So tonight I am pleased to announce the Saskatchewan spring seeding program. This \$525 million initiative will ensure that money is available to allow farmers to seed their crops this spring. It will provide farmers with short-term operating loans at ten and three-quarters per cent. Farmers will be entitled to borrow \$12 per cultivated acre for inputs such as seed, fertilizer, fuel, chemicals and repairs. This program will be administered through the Agricultural Credit Corporation of Saskatchewan, and further details will be announced by the Premier and the Minister of Agriculture and Food.

Mr. Speaker, providing \$525 million of operating loans to farmers strains the provincial treasury. Some people may say that the government should not charge interest on these loans, or that we should provide grants. Mr. Speaker, the provincial treasury cannot afford \$525 million in grants. Saskatchewan cannot take on the treasuries of the United States or the European Economic Community by itself -- we cannot go alone. We have responded. We have responded in what we believe is a fair and reasonable way, fair and reasonable to taxpayers and farmers alike.

Now, Mr. Speaker, the federal government must also keep its commitment. The government of Canada has a responsibility to our farmers. All members of this Assembly have called upon the federal government to assist farmers with the cost of spring seeding and to provide compensation for current unfair prices. We fully expect the federal government to honour its commitment to Saskatchewan farmers and provide assistance.

The government of Saskatchewan must also establish a contingency fund to fight the agri-food trade wars. Canada must respond to the United States export enhancement program. The government of Saskatchewan has called upon the federal government to provide \$1 billion to maintain Canada's share of international grain markets.

As well, Mr. Speaker, the issue of farm debt must be addressed to bring greater long-term stability to farming. As part of this solution, lending institutions, the banks and credit unions must play a larger role in resolving the farm debt and cash flow problems. This is no time for fair-weather friends, Mr. Speaker.

At the initiative of our Premier, this government in co-operation with lending institutions is reviewing all options to ease the farm finance situation, including farm debt restructuring. The Premier is also asking the help of farm leaders and rural municipalities to redefine the role of the Agriculture Credit Corporation of Saskatchewan.

Mr. Speaker, this government's commitment to agriculture has been

unprecedented. Our commitment has been demonstrated by programs like the production loan program, livestock cash advances and drought assistance. As well, our commitment to a quality of life in rural Saskatchewan has been shown by taking natural gas service to farmers to heat farm homes and machine shops and hog barns -- a service many in the city have enjoyed for some several years -- and by replacing party lines with individual telephone line service and by building schools and hospitals and nursing homes across rural Saskatchewan.

Mr. Speaker, this budget continues the commitment to rural Saskatchewan and agriculture through programs such as crop insurance, insurance programs for beef and pork producers, by providing for tax-exempt farm fuels, and money for food and agriculture research to ensure we continue to seek out answers for the long term.

This budget contains over \$400 million in spending and tax assistance to our agriculture sector, Mr. Speaker, and that is in addition to the \$525 million in loans to the Saskatchewan . . . (inaudible) . . .

Some Hon. Members: mHear, hear!

(1930)

Hon. Mr. Hepworth: -- These are large numbers, Mr. Speaker; however these sums pale in comparison with the farm budgets of the United States and the European Economic Community. Mr. Speaker, simply put, Saskatchewan farmers need a resolution to the international grain trade wars. And our government, by working with farmers, the federal government and lending institutions, will enable the rural economy to meet the immediate challenges and those of the '90s and beyond.

That brings me to the issue of economic diversification. Mr. Speaker, although a strong farm sector is essential for our future, we must also continue to diversify and develop our economy. Through diversification, we can provide job opportunities at home, strengthen our communities, and provide the means to pay for and enhance priority programs. The best way to do this is to create a climate conducive to business development and investment. We must promote diversification of the economy through building on our natural resources. This is especially important in food production. The problems of today must not blind us to the realities of tomorrow. Fundamental change is occurring.

During my remarks tonight the world's population will have grown by nearly 5,000 people -- 5,000 more people to be fed. And this day 15,000 acres of food-producing land across the world were jeopardized by erosion or covered with concrete.

What are the implications for food-producing countries? There are many changes and we must be prepared to take advantage of them. There are new food markets in Asia and eastern Europe. We applaud the Government of Canada's role, along with Canadian and Saskatchewan pork producers, in a recent substantial shipment of pork to the Soviet Union.

There are potential new markets here in North America, Mr. Speaker. People are changing their life-styles and looking for healthier foods. Canadian canola oil is recognized by the American College of Nutrition as a health food. Our canola oil is now being used by a major Canadian restaurant chain.

Mr. Speaker, we must not miss the opportunity presented by these and other market changes. More food products, more table-ready foods must be part of our province's long-term response to a changing world.

Well this government has worked not only with those in the agricultural sector but also with individuals, labour organization, and businesses that believe in the future of our province and in diversifying our economy. We join hands with the members of the co-operative movement to build Canada's first heavy oil upgrader here in Saskatchewan.

We were the first province in Canada to join hands with the Canadian Federation of Labour to involve labour in business development in Saskatchewan. We joined hands with 10 Indian bands to assist them to purchase the saw mill in Meadow Lake. And we joined hands with Weyerhaeuser Canada to develop a paper mill in Prince Albert, with Cargill to build a fertilizer plant in Belle Plaine, and with the Saskatchewan Wheat Pool and Schreier Malting Company to expand the malt plant in Biggar.

These investments create much more than individual success stories for Saskatchewan. They increase the value added to our natural resources. They also provide jobs, build our communities and anchor our economy.

Megaprojects receive all the headlines, but investments in community projects and small businesses are equally important for growth and development. Men and women in business all over this province deserve headlines, too, Mr. Speaker. Through good times and bad they are there creating jobs, looking at new opportunities, a vital part in all of our communities.

Delsa Food Processors in Delisle, L & M Wood Products in Glaslyn, and the Austrak tractor plant in Weyburn -- I just thought I'd throw that one in -- are just as important to those communities as the heavy oil upgrader is to Lloydminster, Mr. Speaker.

Mr. Speaker, the people of this province want to be directly involved in building a better future. For example, over 73,000 Saskatchewan residents purchased province of Saskatchewan potash ownership bonds last fall. Since 1984, this government has provided Saskatchewan residents with the opportunity to invest over \$1 billion in bond and share offerings. This money has been put to work by SaskPower, SaskTel, Saskoil and other Saskatchewan corporations.

And now to further strengthen and build Saskatchewan's communities, this government will introduce Community Development Bonds. These bonds, guaranteed by the province, will allow people additional opportunities to invest in community, economic development, small businesses, and local projects. This innovative approach will provide Saskatchewan people and

their children with greater opportunity to live and work in their communities. In the weeks ahead, we will be working with local people and business to build a consensus on how Community Development Bonds can best be implemented.

People have told us too, Mr. Speaker, that we should reduce the number of grants to business. We are moving in the direction of eliminating business grant programs, and our focus will now be a partnership approach through equity positions and joint ventures.

The environment: Mr. Speaker, it is important to continue to build and diversify our economy, but at the same time, we must also protect the environment. This government will conduct a review of our environmental assessment process. We will also strengthen our government's role in protecting the environment by establishing an enforcement unit within the Department of Environment and Public Safety. Urban, rural, and northern residents all recognize that our generation has a responsibility both to diversify the economy and to preserve the environment for our children.

I note, Mr. Speaker, Community Development Bonds have the potential to involve people in financing local environmental projects. The people must have a say on how to create jobs today, protect the environment, and build for the future.

Fiscal responsibility: Mr. Speaker, the people have said it is time for governments to start learning to live within their means. In Saskatchewan our financial flexibility has been restricted by a number of external factors that have placed pressure on the government treasury. Low prices for our wheat and oil and potash have restrained the province's revenues over the past few years. Interest rates are more than 50 per cent higher than they were three years ago. The federal government in its latest budget reduced its commitment to education and health care in Saskatchewan by almost \$100 million over the next two years.

Faced with these pressures, as I said earlier, Mr. Speaker, we first tightened our belt. We reduced inefficiency and waste in internal government spending. We then called upon the people to help. The fuel tax rebate is being phased out, the home program eliminated, the mortgage protection plan was adjusted, and we have eliminated other government programs, as I announced earlier, Mr. Speaker.

I could stand here tonight and announce large reductions in government funding to hospitals, school boards, and universities. We could have followed the Government of Canada's example and shifted our fiscal problems onto others. We could have said that the federal budget, by cutting transfer payments for health care and education, forced us to reduce our support to these areas. But, Mr. Speaker, this government consults and co-operates and works with its partners -- the hospitals, the school boards, and universities.

We recognize that shifting costs from one government to another does nothing to relieve the burden on taxpayers, who is one and the same person. And what are these taxpayers saying, Mr. Speaker? Loudly and clearly,

taxpayers across Saskatchewan are saying that tax increases are not acceptable. The tax on lotteries was rejected even though the money was destined for the province's hospitals.

People are outraged by the federal government's goods and services tax, and with good reason. It is unfair. It is too complex. Simply put, the goods and services tax is unacceptable.

When it comes to taxes, the people have said they have no more to give -- enough is enough. And so, Mr. Speaker, I say to you and to all the taxpayers of Saskatchewan, this government has listened. There are no tax increases in this budget, Mr. Speaker.

Some Hon. Members: mHear, hear!

Hon. Mr. Hepworth: -- No increase in personal income tax, no sales tax increase, no other tax increases. The people have spoken -- enough is enough. Tax increases would have been the easy way out.

Some Hon. Members: mHear, hear!

Hon. Mr. Hepworth: -- Tax increases would have been the easy way out. Rather, this government focused its attention on controlling spending. Our efforts will save taxpayers over \$300 million in the next two years. Mr. Speaker, people are not prepared to pay more taxes. There are no tax increases in this budget.

People want spending in the priority areas of education, health care, and agriculture. Spending has been increased. Everyone wants government to reduce waste and inefficiency. It has been reduced.

The end result, Mr. Speaker, is that our spending will exceed our projected income by \$363 million. Our revenues for 1991 will be 4.278 billion and our spending will be 4.641 billion -- as I said, Mr. Speaker, a deficit this year of \$363 million. But, Mr. Speaker, we all want a lower deficit. We want no deficit, because deficits add to the provincial debt, which in turn leads to higher interest costs, and in the upcoming year interest on the public debt will be \$493 million. Debt and the cost of servicing it, especially in times of high interest rates, reduces our financial flexibility, but more importantly it imposes a burden on our children.

The consequences of debt deeply concern me, Mr. Speaker. I am sure they concern everyone. We cannot continue to mortgage our children's future. With this in mind, Mr. Speaker, I am pleased to announce that the proceeds from the sale of the shares of the Potash Corporation of Saskatchewan will be used to reduce the provincial debt, Mr. Speaker.

Some Hon. Members: mHear, hear!

Hon. Mr. Hepworth: -- People want lower deficits. People want lower taxes. People want more spending in priority areas. But, Mr. Speaker, lower deficits, lower taxes, and more spending are not compatible. How can you have a lower deficit if you don't raise taxes or cut spending even further?

This is the challenge; this is the dilemma. A workable and real solution must be found. We must find that consensus on managing our financial resources. And so the government, in conjunction with Consensus Saskatchewan, will draw on the people's ideas and develop them into a new financial blueprint to deal effectively with the deficit.

Some of the ideas that we heard at the pre-budget public meetings, Mr. Speaker, some of the ideas we heard to date include legislation that requires the government to balance the budget, that makes it illegal to have deficits. Others have suggested taxes specifically earmarked for debt reduction. At one pre-budget meeting, one person suggested an independent people's board to monitor government spending, and still others suggest more frequent reporting of government finances.

This important process must have the support of the people of the province. There is no kidding ourselves about the enormity nor the difficulty of this task. But a plan developed and supported by the people will succeed. We must find that consensus for our children's sake. And, Mr. Speaker, I invite every person in the province to contribute to that process.

The people of Saskatchewan want to be involved and must be involved in developing solutions to the challenges of the '90s. In a world that is changing rapidly, there are a few areas where the public is in full agreement, where a broad consensus has emerged. Saskatchewan will achieve its goals if we all work together. We will succeed if we avoid a narrow, partisan agenda.

Mr. Speaker, it is a time for education policy, not education politics. It is a time for health care policy, not health care politics. It is a time for farm policy, not farm politics, Mr. Speaker. We must develop and implement policies that are good for all people for today and for tomorrow.

We are at a crossroads, Mr. Speaker. The Saskatchewan people have faced difficult times before; we have overcome them and thrived. We will do so again if we work together. The Premier and this government have set in motion a process whereby a consensus will be achieved. Mr. Speaker, I say to you and to all the taxpayers of Saskatchewan, we will succeed.

(1945)

I want to tell you why, if I might to digress for a moment again, Mr. Speaker. I want to tell you why I believe we'll succeed. In so doing, I'm going to close by relating the following story. At the pre-budget meeting in Saskatoon a man came forward to the microphone. It was towards the end of the evening. He was a regular looking person; in fact, after he gave his name to the crowd, he added, I'm just a regular citizen of Saskatoon, lived here for a number of years. He made the point that he was a regular citizen because many others before him had been representing particular groups and associations, but he wanted to let it be known that he was just a regular citizen.

He went on to talk about change and technology, the 1990s, the year 2000. He talked very lucidly about how we have to think of new ways to create

jobs. He gave some thoughts on health and education. He talked articulately about the European farm policy and what it was doing to Saskatchewan.

All in all he was very insightful in his commentary. He was not a practised public speaker, I suspect. But I can tell you, Mr. Speaker, he had my attention, and he had that crowd's attention that night in Saskatoon, 100 per cent. You could have heard a pin drop in that room the whole time he spoke.

He particularly surprised everyone when he mentioned, at one point in his remarks, that he himself only had a grade four education -- that he was largely self-taught. I say surprised, Mr. Speaker, because if he'd have told us he had three university degrees, by the depth of his remarks it wouldn't have surprised us. And when he was done he got an applause that was instantaneous and unanimous. Everyone knew there that he had captured in words the essence of what many were thinking. So I want to close by reading a few of his remarks from a transcript of that evening's proceedings. I quote:

Saskatchewan is a great province. We have a lot we should be proud of. Of course there's problems. The world wouldn't be a world without problems. That's why we have politicians to try and solve them, and we shouldn't expect politicians to solve all our problems. A lot of us are going to have to get together and really think what we want as a province, as a country. I think a lot of us -- I don't mean to be critical of any individual or group -- we're going to have to really stop and think where our priorities are, what should happen, and especially towards the 90's and the year 2000.

Mr. Speaker, that's why I believe we will succeed in the project ahead of us because people like this want to help, Mr. Speaker. That's why we will succeed.

Some Hon. Members: mHear, hear!

Hon. Mr. Hepworth: -- And with that, Mr. Speaker, I move that this Assembly now resolve itself into the Committee of Finance.

Some Hon. Members: mHear, hear!

Mr. Shillington: -- Thank you very much, Mr. Speaker. I think my first words will be addressed for the Premier's benefit. Mr. Premier, and Mr. Speaker, about three weeks ago you went on television in a province-wide address clearly attempting to portray the image of someone who, at a very late hour, was finally going to take command.

Mr. Premier, there were those of us who entered the Chamber tonight with some hope and perhaps even some expectation that perhaps at this late hour you were finally going to show some leadership. Mr. Premier, those hopes and expectations lie shattered with this budget. Mr. Premier, this budget is a disaster for the Saskatchewan economy, and it is a betrayal of the Saskatchewan people.

Some Hon. Members: mHear, hear!

Mr. Shillington: -- And nowhere, Mr. Speaker, is the betrayal clearer than it is in agriculture. Mr. Premier, and Mr. Finance Minister, and Mr. Speaker, the public of Saskatchewan, farm leaders and farmers are tired of you people playing games with their farms and their lives.

Some Hon. Members: mHear, hear!

Mr. Shillington: -- It is clear to all, and you have agreed, that \$500 million is needed this year to help get a crop in. Mr. Finance Minister, they need the money now. They don't need it announced just before an election to be payable just afterwards, which is the timing which you and the federal government apparently are setting up. They need it now.

I beseech you to stop playing games with farmers and farmers' lives and make that money payable.

Some Hon. Members: mHear, hear!

Mr. Shillington: -- The only thing announced tonight, Mr. Speaker, is a \$500 million loan program.

Mr. Minister, Mr. Premier, Mr. Speaker, one of the main problems which farms in this province and farmers in this province have is, they're carrying far more debt than they can manage. The last thing on earth Saskatchewan farmers need is another half billion dollars in debt, and that's what you've given them at a very high interest rate. Mr. Minister, Mr. Premier, that's a betrayal and a disaster for rural Saskatchewan.

If there's been one constant refrain over the fall and winter since we adjourned last year, it is that the Saskatchewan public want an end to the waste, the mismanagement, and the patronage. Once again, you people don't deal with the problems. You simply play games with it. You've announced a reduction by four, I believe, in the number of departments, but no reduction in ministers, which is where the cost is. The Saskatchewan public are still going to be paying for 20 cabinet ministers, 10 legislative secretaries, and some of the highest paid assistants of any provincial government in Canada.

Mr. Speaker, you talked about the elimination of severance pay for those who had taken government jobs. That's after the fact and after the horse is out of the barn, Mr. Minister. If I heard one thing over the last fall and winter throughout this province, it was anger that two ministers had retired from this Assembly, as one person in Assiniboia put it, at a pension in excess of \$30,000, with severance pay in excess of \$60,000, while continuing to work for the same employer at a salary in excess of \$100,000 -- that's obscene, Mr. Minister.

Some Hon. Members: mHear, hear!

Mr. Shillington: -- The deficit. Someone -- some members opposite may help

me identifying the author of this comment -- once said that deficits are deferred taxes. Mr. Premier, you may remember those words from a different era. Well for the ninth straight year you have a deficit budget and for almost the ninth year you've missed your target. I remind you, Mr. Minister, something that you didn't bother to tell the Assembly tonight -- that was that last year your budgetary deficit projection was \$226 million. Well, Mr. Minister, you missed it by 72 per cent -- 72 per cent. Mr. Minister, the public of Saskatchewan demand -- they don't just ask -- they demand better management. Mr. Minister, that's not better management, that's completely irresponsible.

Mr. Minister, I noted in going through the Estimates, and I have not had a . . . And the minister will know that unlike virtually every other Assembly in Canada, we do not get these in advance from the minister; we deal with them as we get them. Mr. Minister, I note in going through this that there is a 30 per cent increase in the expenditure on interest. That is almost the highest of anything in government. The only one I could find which went up any more was the gaming commission. It's certainly a lot higher than the increase in education -- I'm going to get to that in a moment. It's a lot higher than the percentage increase in health, and it's a lot higher than the percentage increase in any other major department.

Taxes -- once again you people don't deal with the problem, you play games with it. You said there were no new taxes. Well, Mr. Minister, you know that's not so. Once again you have betrayed the public. This budget first of all freezes operating grants for urban and rural municipalities. That will almost certainly result, Mr. Minister, in an increase in property taxes, pure and simple.

Mr. Minister, there was one line in this speech which is just a jewel of unmitigated gall. It was the following comment. You said, with a note of moral righteousness in your voice:

We could have followed the Government of Canada's example and shifted our fiscal problems onto others. We could have said that the federal Budget, by cutting transfer payments for health care and education, forced us to reduce our support to these areas, (we could have done that) . . .

Well, Mr. Minister, you did. That's exactly what you did.

Some Hon. Members: mHear, hear!

Mr. Shillington: -- It's interesting, Mr. Minister, that the budget speech quickly trails off to a different subject after that.

Mr. Minister, the elimination of the gas tax is the equivalent of a five-point increase in income taxes. That's the equivalent of a five-point increase in income taxes. That is an increase in taxes.

Mr. Minister, am I going to be all negative? No, Mr. Minister, I'll give you some credit. I'll give you credit for being consistent. Broken promises are one area where you've been consistent in virtually every budget you've brought down.

Some Hon. Members: mHear, hear!

Mr. Shillington: -- Mr. Minister, in 1985 you promised no new taxes; then you introduced a flat tax at one-half of 1 per cent; the next year you increased it to 1 per cent; the next year you increased it to one and a half per cent and now it's 2 per cent. You promised to eliminate the sales tax back in 1982 and now it is a full 40 per cent higher than it was when you came to office. You promised to eliminate the gas tax for ever and then reintroduced a 10 cent per litre tax for every driver in Saskatchewan. I don't know, Mr. Minister, whether you want to be reminded of the lottery tax. I don't know whether you need assistance in remembering the used car tax. Those are all, Mr. Minister, broken promises.

The public of Saskatchewan well know that they're now paying. Each family is paying an additional \$1,500 more in taxes than when you took office. Your own document, Mr. Minister, points out that middle income Saskatchewan people pay the highest level of personal income taxes in Canada -- the highest level of personal income taxes in Canada.

Mr. Minister, I want to spend a moment on education, since you did. People hoped, Mr. Minister, that you'd finally make good on your comment which you were fond of repeating as the minister of Education, that education is an investment in the future.

An Hon. Member: -- Hear, hear.

Mr. Shillington: -- Once again . . . well I wish you'd said hear, hear in a louder voice to the Minister of Finance when he was drafting this budget, because he hasn't in fact done that.

I hope the educators who are watching take a moment to review to figures set out -- as you did not -- take a moment to review the figures that are set out on page 33. They'll find that operating grants to universities are up by only 2.7 per cent. The operating grant is only up by 2.7 per cent. That's with all the problems that universities have. Operating grants to schools are only up by 3.1 per cent, far less than the rate of inflation.

Mr. Minister, I want to remind you that you don't pay for those schools. It's the trustees of the universities and the schools who pay for them, and you're giving them, in real dollars, less money this year than they had in previous years.

Mr. Premier, Mr. Speaker, if I may perhaps address a comment to you, because I think the phrase is often associated with you. One of the tests of the integrity of a political party is whether or not it would like to run on one of the slogans it used in a past election. So I'd ask you, Mr. Premier, just to think about whether or not you want to run on the motto, there's so much more we can be. How would you like to use that in the next election, Mr. Premier?

Mr. Premier, the disheartening part of it is that this province has so much potential. These are the people in this province who pioneered health and

social legislation for the entire continent. We have a wealth of resources in potash, one of the most efficient farming industries in the world, and you, Mr. Premier, have brought them from a period of relative prosperity in 1982 to near disaster. Mr. Premier, and Mr. Minister, this province has real potential; if only it had some leadership.

(2000)

Some Hon. Members: mHear, hear!

Mr. Shillington: -- I want to make one other comment as well, and that's about the lack of any vision in this budget. People had hoped for new ideas, new solutions, new leadership. This budget let them down; it is barren of any ideas. Instead of offering them, Mr. Minister, a plan of attack, you offered them a blank sheet of paper and said, here, give us a hand, fill it in. Mr. Minister, that's not leadership. That is an abdication of leadership.

In your budget address you talked about this being a turning point in history. You also said this is a period of time in which there are some critical questions being . . . and there are more critical questions than answers. Well, Mr. Minister, you've added to the list of critical questions.

One of them is, what is this province going to do about the fact that we're losing a thousand farm families a year? Your budget does nothing to address that. What are we going to do about the fact that this province has the worst job creation record in Canada? What is the answer of your budget? It's, I believe at a moment's glance, to reduce the funding for job creation -- actually reduce it.

What are we going to do, Mr. Minister, about . . . One of the questions is, what are we going to do about the fact that bankruptcies are the highest in this province's history, and I believe on a per capita basis the highest in Canada. Not a word was mentioned about that. One of the questions is, what are we going to do about the fact that thousands of able, talented young people are denied access to schools and universities? What have we done? Well we've cut the funding in real dollars.

What are we going to do about the fact that 60,000 people have left this province since 1985, most of them young people? We are, Mr. Minister, losing an entire generation. Apparently nothing, Mr. Minister. They want to know, Mr. Minister, what this government is going to do about the fact that we have the fastest growing rate of family poverty in Canada. Over an incredible 16 per cent of Saskatchewan families live on a yearly income below the Statistics Canada poverty line.

That may as well, Mr. Minister, have something to do with the fact that out of every hundred students -- this is a most disturbing fact -- out of every hundred students in grade 8, 45 will not complete grade 12. That is a 50 per cent increase since you people took office, and it's one of the worst such records in this country, Mr. Minister.

Over 64,000 children are growing up in poverty. Mr. Minister, there weren't any food banks when you took office, there wasn't any need for them. In recent weeks, Mr. Minister, one of your colleagues has been creating the impression that something was going to be done about family poverty. Mr. Minister, you've announced \$740,000 to help 64,000 children. That works out, Mr. Minister, to about \$12 per child per year -- \$12 per year.

Mr. Minister, I'll bet your colleagues don't submit expense accounts for breakfasts which are under that amount. That's a dollar per month per child, Mr. Minister. That's 3 cents a day. How on earth can your government claim to be compassionate when you have 3 cents per hungry child per day, and you've got \$370 million to give to one of the wealthiest private corporations in the world, Cargill?

Some Hon. Members: mHear, hear!

Mr. Shillington: -- Mr. Minister, I want to say in conclusion, as I said at the beginning of my remarks, that this budget is a disaster for the Saskatchewan economy, and when I say economy, I mean the farmers who were expecting some relief; I mean the business people on Main Street whose balance sheets are in many cases just as bad as the farmers' that they're trying to serve; I mean, as well, the workers who are without jobs.

I note with a quick glance at the Department of Labour, you seem to have cut the funding in some key areas in that department, Mr. Minister. It's a betrayal of the Saskatchewan people who had hoped and who were led to expect so much more.

Tonight, Mr. Minister, your speech talks about the need for consensus. It would be laughable if it weren't so tragic. You're the crew who didn't consult with the public when you decimated the drug plan; when you eliminated the children's dental program; when you privatized hundreds of highway workers; when you imposed a used car tax; when you imposed a lottery tax; when you increased the sales tax; when you tried last year to sell off a part of SaskPower.

And now you say as you're facing an angry electorate, we're sorry and we're ready to listen. That isn't leadership, Mr. Minister, that's the politics of desperation. The public of Saskatchewan aren't buying it.

Some Hon. Members: mHear, hear!

Mr. Shillington: -- Mr. Minister, there was one jewel which I suspect will long survive you. It was your comment: the people have said enough is enough. Well, Mr. Minister, I suspect that that is going to be your political epitaph: enough is enough.

Some Hon. Members: mHear, hear!

Mr. Shillington: -- Mr. Minister, you said that we lived in a world which was changing. Well I'll tell you, Mr. Minister, there are no people on the face of the earth as ready for change as the public of this province.

Some Hon. Members: mHear, hear!

Mr. Shillington: -- I beg leave to adjourn debate, Mr. Speaker.

Debate adjourned.

Resumption of Budget Debate

Hon. Mr. Hepworth: -- Mr. Speaker, I move:

That debate on the motion that this Assembly do now resolve itself into the Committee of Finance be resumed on Friday, March 30, 1990.

Motion agreed to.

The Assembly adjourned at 8:09 p.m.