

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
Fifth Session — Eighteenth Legislature

March 10, 1978.

The Assembly met at 10:00 o'clock a.m.
On the Orders of the Day.

WELCOME TO STUDENTS

MR. W.J.G. ALLEN (Regina Rosemont):— Mr. Speaker, in the absence of the Premier this morning who has been tied up for just a few minutes, I would like to direct the House's attention to the Speaker's Gallery where we have 42 students from Herchmer School in Mr. Blakeney's constituency. They are accompanied this morning by Mr. Reiley and Mr. Peart.

Herchmer School is one of the oldest schools in Elphinstone constituency, indeed in the city of Regina and it is named after a former commissioner of the RCMP. The Premier tells me that he visited Herchmer School a couple of months ago and delivered some pictures of the Queen and Prince Philip and he thought the school had some very lively and interesting students and he is looking forward to meeting them a little bit later on after they leave the Chamber. I am sure that all hon. members will join with me in welcoming these students this morning.

HON. MEMBERS: Hear, hear!

QUESTIONS

RECREATIONAL CENTRE AT PRINCE ALBERT CORRECTIONAL CENTRE

MR. J.G. LANE (Qu'Appelle):— I would like to direct a question to the Minister of Social Services. Spring is around the corner which means one of the favorite activities at the Prince Albert Correctional Centre will probably be on the boards and that is golfing and I am wondering if the minister today would give the House and the people of Saskatchewan the assurance that the golfing program which was referred to in the Moore Enquiry will not be proceeded with this year as you review the recreational program up there and intend to stop that particular program this summer?

HON. H.H. ROLFES (Minister of Social Services):— Mr. Speaker, I was wondering, maybe I should reserve a set of golf clubs for one of the member's colleagues over there who may need them in the near future and I didn't want to cut out the opportunity for that member to practise his golf.

Mr. Speaker, let me indicate to the member opposite that as far as we are concerned the golf program and the recreation program that he has referred to received the full co-operation of the city of Prince Albert because it was for work that the inmates did on the golf course. It was for improving the golf course as they improved the Civic Centre in Prince Albert, work that was done on the Civic Centre in Prince Albert at no cost to the city of Prince Albert. For that work that the inmates did in that Civic Centre they obtained the use of that Civic Centre. For the work that they did on the golf course, being no cost to the city of Prince Albert, the city of Prince Albert allowed them to have recreational time on the golf course. Now if the member is saying here that the inmates should not have recreational activity, then I have to disagree with him. The McGuigan Report states very clearly that one of the problems we have in the penitentiaries in

Canada is simply that they have not provided the inmates with an outlet to use some of the energy that they have. All I am saying is, if we can have the inmates provide a valuable service to the city of Prince Albert, in agreement with the city of Prince Albert, then why should we from Regina interfere? You people are constantly saying, give local autonomy. We are allowing the Prince Albert city to decide on their own and I think we have a real good . . .

MR. SPEAKER:— Order, order!

MR. LANE (Qu'Ap):— Mr. Speaker, it's one of the strangest answers we have seen but I will ask my supplementary. We will be checking with the city of Prince Albert, but I refer you to the cross examination of one B. Robertson who was a social service worker at the Prince Albert Correctional Centre, at page 6 wherein — and how many inmates . . . when was the last time you had golfing? We used to go Wednesday mornings golfing. And how many inmates would golf? We would take six out golfing. Obviously you wanted two foursomes so that two social service workers and six inmates would go golfing. He didn't want them to play through obviously.

I wonder, if light of your — whatever you call it, 'recreational centre north' or your 'holiday tourist centre north', could you tell me whom the inmates were working for when the fishing at Montreal Lake went on and the 14 or 16 who used to go out daily to do the fishing? And is that kind of . . .

MR. E.C. MALONE (Leader of the Liberal Opposition):— I would like to direct a question, Mr. Speaker, of perhaps more compelling interest to the Minister of Finance. For the past few days now I have been trying to obtain from your department the balance of moneys in the Energy Fund. I have been unable to get these answers as has been the custom in other years, and I suppose it is because your departmental officials have been busy with the Budget.

My question to the Minister of Finance at this time is, can you give me an approximate figure as to the balance in the Energy Fund at the present time, if at all possible? If it is not possible, say at the end of December 1977.

HON. W.E. SMISHEK (Minister of Finance):— Mr. Speaker, I wonder whether the hon. member would place the question on the order paper. I recall providing members of the Liberal caucus with that information, some detailed information before Christmas. Apparently their filing system is something to be desired and I get these repeated requests. It seems to me it would be better if the question was placed on the order paper. I would be glad to answer it, so that . . .

MR. CAMERON:— You never answered . . .

MR. SMISHEK:— Yes I did. I did provide the answer before Christmas and now the same kinds of requests are coming, and I think it would be better if we had a complete record rather than have it in this kind of informal way.

I can tell the hon. member that the balance — the latest figure I have seen was in the order of \$100 million as at the end of February. I can give him that global figure but if he wants the details I invite him to put the question on the order paper. We will be glad to answer it.

MR. MALONE:— A supplementary question, Mr. Speaker, it is quite clear that the

minister has provided the information without any difficulty but of course it is an ongoing thing and the figures we got last December were dated prior to that, and I think it is an important matter and it is something we should be concerned with as to how much is being paid into this fund on an ongoing basis. I simply cannot understand the reluctance of the minister to give us these figures through a phone call which has been the situation in the past.

I would like to ask the Premier by way of a supplementary, or the Deputy Premier by way of supplementary question: they are not here so I will ask the Minister of Finance.

Has there been a directive from the government to the Minister in charge of SPC or to your office, or to other Crown corporation offices, not to permit these figures to be given out? We heard, yesterday, that we have been trying to get SPC rate increase figures over the past four or five years. That information was refused. Apparently we can't get information from your office. Has there been a general directive to Crown corporations and government departments telling officials that this information is not to be provided unless asked for in the House?

MR. SMISHEK:— Mr. Speaker, I can only speak for my own department. In the corporations that I am in charge of there has been no directive that has been provided. Mr. Speaker, I have a matter of concern. We get phone calls for information, some of the information we don't feel should be bandied about. Somebody phones purportedly from the office of the leader of the Liberal Party. It is not he who is phoning me. It is purportedly an employee. Now, I don't know whether that is an employee or not and I have always tried to co-operate any time the members of the Liberal Party have asked me, as sitting MLAs, with information, as well as I have co-operated with members of the Conservative Party, when they have asked for information. But with some phone calls and phoning my executive assistant, I can't be sure that they are, in fact, employees. It is possible that somebody is pretending that he is.

MR. SPEAKER:— Order! I believe that I will take the next question.

ASSISTANCE TO RURAL AMBULANCES

MR. R.H. BAILEY (Rosetown-Elrose):— Mr. Speaker, I should like to direct a question to the Minister of Health.

After a long series of negotiations with the provincial ambulances, you have come up with a formula for a grant structure to them. May I ask you, Mr. Minister, in general terms, what assistance will be given to the rural ambulances operated generally by volunteer groups in the small towns which do not meet the standards as set down by your agreement with the ambulances in the cities?

HON. E. TCHORZEWSKI (Minister of Health):— Mr. Speaker, the Budget Speech indicated that there were funds provided for ambulance services or municipalities as part of the revenue sharing. Those funds are there. They amount to around \$2 million and that will be distributed under the revenue sharing in negotiations with the municipalities. I don't have the precise formula or the per capita figures with me right now, but that will be announced in due course.

MR. BAILEY:— A supplementary question, Mr. Speaker. Part of the grant structure to the ambulances states that they must meet and come up to a certain standard. The Minister is aware that some of the ambulances in the smaller towns cannot and do not

meet those standards and yet they play a very vital role because of their accessibility to the people in the small towns.

My question to you is, are they being ignored in the grant structure because they are not meeting the high standards which you associate with the cities?

MR. TCHORZEWSKI:— No, indeed, Mr. Speaker, they are being encouraged by the organization that we have chosen to take and that is funding through the municipalities. There is now a standard that ambulance operators must meet in order to operate. There is a classification system. We are certainly not going to impose on existing ambulance operations whether they are voluntary, or run through hospitals or municipalities or private — the standards in such a way that it will jeopardize the operations that they have. We are interested in, over a period of time, improving the standards and the training of some of the people who are involved in the ambulance services but we will phase that in, in order that those volunteer ambulance services, some of whom I have met, are able to operate and fit in. Their funding will still be available.

MR. BAILEY:— A supplementary, Mr. Speaker. I can rest assured then to tell the people in rural Saskatchewan who are operating ambulances that they are going to be considered for a grant structure. Each of the ambulance services will be receiving financial assistance during this coming year for the operation and that they receive this information at this point in time from your department.

MR. TCHORZEWSKI:— Now, Mr. Speaker, the member can tell the people he refers to that the Minister of Health has assured him that we will do all that we can in order to help them do the fine work which they have done for many years. Indeed, with the funding that we will provide, they will be able to extensively improve the service that they are now providing.

MR. W.H. STODALKA (Maple Creek):— In the absence of the Minister of Education I would like to direct a question to the Minister of Finance. I believe on Monday, in your very glowing presentation you indicated that the grants to the education authorities should be substantial enough this year that there would be no need to increase the mill rates at the local level. Yet, yesterday, I was informed that in the Department of Education's foundation grant instructions to school boards within the province of Saskatchewan, that the local contribution mill rate of 51 mills of last year was raised this year to 57 mills, which is an increase of 6 mills. I was just wondering how this increase in the suggested local contribution can be justified in light of the statement that you made earlier this week?

MR. SMISHEK:— Mr. Speaker, in my Budget address, as the hon. member is aware, I said that we are providing in the case of school grants, \$20 million in additional funding for the school system. That's an increase of 11 per cent in the grants. It maybe that in certain school boards they may have to increase the mill rate.

MR. G.H. PENNER (Saskatoon Eastview):— (Inaudible interjection).

MR. SMISHEK:— Does the hon. member have a question? If he does, let him please rise and I would like to try to answer it. (. . . interjection . . .) Mr. Speaker, I was going to answer the question. If they want to make a speech, let them go and make a speech.

MR. STODALKA:— Mr. Speaker, the minister in his short answer has indicated that

indeed there is a great possibility then that we will see increases in the mill rate at the local level. I was just wondering is the minister aware that in past years that the level that was suggested in the foundation formula, the level this year of 57 mills, was usually a minimum for school boards within the province and usually many of the boards exceeded the mill rate that was suggested by the department? Will the minister now tell this House that indeed he expects that there probably will be increased mill rate levies at the local level?

MR. SMISHEK:— Mr. Speaker, the funding that is provided through the foundation grants is equivalent to about 58 mills or 58 per cent of the cost of education. We have in the current year provided sufficient money to maintain that 58 per cent level. One other thing that might be kept in mind that the Property Improvement Grant, part of the purpose of the Property Improvement Grant is to provide money to local taxpayers for education purposes or the education component. When you combine the two, the province of Saskatchewan is paying about 72 per cent of the cost of education. We will maintain that structure as has been in the past. Now there might be some increases in the mill rates but there are increases in the Property Improvement Grant.

MR. CAMERON:— The two are not related.

MR. SMISHEK:— Yes, they are related. Maybe in your mind they are not related. There are a lot of things in your mind that are not related. That has been our policy, we are maintaining that level and, Mr. Speaker, together with the Property Improvement Grant what we are saying is that the level of mill rate will be maintained and the property taxpayers will not be paying any more.

SOME HON. MEMBERS: Hear, hear!

RECREATION PROGRAM

MR. LANE (Qu’):— A further question to the Minister responsible for Social Services. My first question is, would you care to give a report on the canoeing program that exists for the inmates in the Prince Albert Correctional Centre, a canoeing program referred to again in the verbatim transcript of the cross examination of the social service worker, Mr. Robertson, wherein he indicated that the canoeing was a regular affair for inmates ..

MR. SPEAKER:— Order! I think I will take the next question.

REDUCTION OF CIVIL SERVICE

MR. A.N. McMILLAN (Kindersley):— Mr. Speaker, I have a question for the Minister of Finance. I read with interest your reduction in the civil service in your Budget and I would find it curious that your magical ability to juggle figures would lead me to ask you this question, if in fact you state you have 13,858 civil servants in Saskatchewan in 1977-78, the SGEA said they represented 16,000 and your figures that you forwarded to Statistics Canada were to indicate that there were 19,000 general civil servants on your payroll, I would like to ask if in fact you plan to lay off the additional 55,000 this year that you showed Stats Canada worked for you last year and that you show in this book you don’t intend to employ this year?

MR. SMISHEK:— Mr. Speaker, the figures that are contained on page 32 in the Budget Speech are the accurate figures. Where Stats Canada get their figures, I don’t know.

No, they don't get the information from us. I can tell you this, Mr. Speaker, that Stats Canada includes such employees as employees working for the University hospitals. That's correct. The University hospital are not employees of this government. They also include other hospitals that are Crown hospitals. Now, Mr. Speaker, in the case of SGEA, in their figures, they also represent employees of certain Crown corporations for the information of the hon. member and those are not civil servants. They are employees of Crown corporations, Mr. Speaker.

MR. McMILLAN:— A supplementary, Mr. Speaker. Is it not a fact that if you included (book blacked out) public servants which you speak of so glowingly so often that work for the Crown corporations, in fact that is not part of the 19,000 figure that you people have provided Stats Canada. That would raise the civil service total into Saskatchewan to over 30,000 civil service members, not 13,500 or 13,852 as you state in your Budget. Is that not a fact?

MR. SMISHEK: It is not a fact. The figures that are contained in this speech are accurate.

FARM COST REDUCTION PROGRAM

MR. L.W. BIRKBECK (Moosomin):— A question to the Minister of Agriculture. I wonder if the Minister of Agriculture would agree with the comments made by his colleague, the member for Kelsey-Tisdale, the former Minister of Agriculture (Mr. Messer) and in fact the acting Minister of Agriculture during the introduction of the Farm Cost Reduction Program in 1975 where he stated that the reason for the introduction of the program was because of higher input costs and lower returns, and would he agree with the comments also of the Minister of Finance in his Budget address where he stated the very similar remarks that the former Minister of Agriculture had made during the Farm Cost Reduction Program? Now if so, I wonder would the Minister of Agriculture, in light of these statements, agree to reinstate the Farm Cost Reduction Program at this time?

HON. E. KAEDING (Minister of Agriculture):— Mr. Speaker, the question of reinstatement of the Farm Cost Reduction Program is being considered on a number of occasions and we feel that it is not the duty of this government to provide income transfer moneys to farm operators or any other operators, except in extreme emergency situations, which we did of course, in the livestock grant program which we had last year. If we were to start to transfer moneys in that particular way on a general scale we would be continually bombarded with requests to go to . . . O.K. why shouldn't we then subsidize chemicals, twine, fertilizer, all of the other inputs which go through a department? It seems to me the solution is to get an adequate return for farm products. To do that of course, we are attempting, and we have on some occasions gone to a stabilization program. We are attempting through stabilization programs to maintain a level of income which should be adequate to cover all of those costs.

MR. R.L. COLLVER (Leader of the Progressive Conservative Opposition):— Supplementary question. Yesterday in this Chamber the Minister of Agriculture suggested that he was in fact going to subsidize the cattle producers through the lower charge for the community pastures and for the breeding in community pastures. He stated that it was \$7 per animal, less than cost, which is a subsidy and which is just what he is denying today. Would the minister not agree that the farm cost reduction program would be a much better way to approach any subsidy for the farmers at this particular time when the farm income is dropping and farm costs are going up?

MR. KAEDING:— Mr. Speaker, the comparison between a subsidy to the pastures and subsidy to the farm cost reduction program in terms of dollars is really not very adequate. If you were going to be putting any kind of a farm cost reduction program which would be in any way adequate you would be looking at dollars something like \$10 million or \$12 million or \$15 million before they would have any kind of impact at all. We are looking at the livestock industry because that is an industry which is now under real pressure. If the Leader of the Conservative Party is suggesting that we should somehow not support that industry I would like to have him tell that to cattlemen.

MR. COLLVER:— Mr. Speaker, would the minister agree then from what his statement is today that the subsidies for the inmates in the Prince Albert Correctional Centre for cross country skiing is more important than a subsidy for the farmers?

MR. SPEAKER:— Order. I'll take the member for Regina South.

SGIO PREMIUM REDUCTIONS

MR. S.J. CAMERON (Regina South):— A question either for the Minister in charge of SGIO or the Minister of Finance, either one of them. The Budget indicated a 5 per cent reduction in premiums for car insurance. Do you have some estimate of what the reduction in SGIO's income will be as a result of that reduction in premium?

HON. E.C. WHELAN (Minister in charge of SGIO):— Mr. Speaker, in answer to the hon. member's question, when the SGIO estimates are before Crown corporations there will be adequate opportunity to get the complete detailed information. I am sure that the hon. member will agree that it's a most proper way to recognize the safety procedures and the safety program that have been practised during the last year by all the people in the province.

MR. CAMERON:— Well, the minister, I would presume, had given to the Minister of Finance in advance of the announcement of the reduction in premium some indication of what it was going to cost SGIO by way of lost income. Is it not a fact then that the Public Sector Prices and Income Review Board ordered SGIO a year ago to return several hundreds of thousands of dollars as a result of excessive premiums in that period and doesn't that account for the 5 per cent in reduction in premiums and not, as you keep saying, any success in the Safety '77 Program?

MR. WHELAN:— No, the hon. member is absolutely and completely wrong. The order from the court comes as a result of the operations, the operations of which the financial statement will show that the figures are as a result of the Safety Program. You couldn't have the money to refund unless you had a good safety program that brought about the savings.

MR. SPEAKER:— I'll take a new question.

SPC BOUNDARY DAM

MR. R.A. LARTER (Estevan):— Mr. Speaker, a question to the Minister in charge of SPC. I wonder with Boundary Dam supplying almost 50 per cent of Saskatchewan's power, with the recent accident of the Marion Crane breaking its boom, I wonder if the minister could tell us, with approximately 50 per cent of our overburdened stripping capacity

gone now, is this going to interfere with the stockpiling of coal and interfere with the running of Boundary Dam in any way?

HON. J.R. MESSER (Minister in charge of Sask. Power):— Mr. Speaker, I think, yes, it will interfere with the stockpiling of coal, but it should not, in any way, interfere in the short term, two or three months, with the operation of Boundary Dam. As the hon. member knows we try to keep a very significant stockpile of coal on hand so that we can undertake to maintain assurance in regard to the provision of power because of that stockpile. I think in most instances, at least in all instances in the past, we have been able to remedy any kind of related problems so that there has been no interruption in electricity.

MR. LARTER:— A supplementary, Mr. Speaker. Could the minister tell us approximately how long it will take to fix this dragline and how long it will be before the 93 yard dragline, owned by SPC, will be in production?

MR. MESSER:— Mr. Speaker, the member may find this surprising but I cannot be precise in regard to how long it may take to repair the boom. I have been informed that it is an extensive job that will take some time. I have also been informed that there is no immediate danger in regard to electrical interruptions.

LAND PURCHASE - MARATHON REALTY

MR. R.W. LANE (Sa-Su):— A question to the Minister in charge of the Land Bank Commission. We referred, yesterday, in the House to a press clipping in which some 13 quarter sections of land had been purchased by the Land Bank Commission. I am now informed that there were some in excess of 50 quarter sections of land, also purchased by the Land Bank Commission, in the Biggar area from the CPR. Would you please confirm this?

MR. KAEDING:— I have information that indicates that to be the case. The total amount of purchase that was made from Marathon Realty was 14 quarter sections out of 54.

MR. LANE:— A supplementary then. Mr. Minister, would you indicate to the House if that is the total amount of purchase, would you also indicate how much land the Government of Saskatchewan is negotiating on with CPR through their subsidiary Marathon Realty at this time?

MR. KAEDING:— As far as I am aware we have had no further negotiations and we have not had negotiations, we simply made offers to Marathon Realty on the basis of an advertisement which they placed in the paper. We have not had any negotiations with Marathon.

QUESTION ON BRYANT REPORT - PELLY BY-ELECTION

MR. CAMERON:— Before the Orders of the Day I wonder if I might take a point of privilege with Mr. Speaker. Yesterday we had the Bryant Report given to the House in which it indicated there were a series of offences committed in respect to the Pelly by-election. Today is the first opportunity we have had to ask questions in respect of it. Neither the Premier, whose direct responsibility it is, nor the Attorney General is in the House and it has every appearance to us, Mr. Speaker, that it is part again of the shameful attitude of the government towards the offences that were committed in that by-election and we raise as a matter of privilege that they should be in the House . . .

MR. SPEAKER:— Order, order! I am unaware of why the member was rising. Questions put by members.

ADJOURNED DEBATE

BUDGET DEBATE

The Assembly resumed the adjourned debate on the proposed motion of Mr. Smishek (Minister of Finance) that this Assembly do now resolve itself into a Committee of Finance.

MR. G.H. PENNER (Saskatoon Eastview):— Mr. Speaker, I wish to begin by repeating on behalf of the Liberal caucus the customary congratulations to the Minister of Finance on his delivery of the Budget earlier this week. We have some concerns. We see areas where positive steps have been taken and we see places where some of the suggestions of the Liberal Party made in the past have been incorporated. A detailed examination of the Budget and the Estimates has given us the opportunity to confirm some of our initial concerns. There are a number of areas which we feel require extensive examination.

First of all, Mr. Speaker, overall government spending is up over \$1 billion since 1973. In five years government spending has jumped from \$629 million to \$1.695 billion. The average annual percentage increase for that period is 22 per cent and this Budget is up 12 per cent over a year ago. Government spending on a per capita basis has increased \$1,050 for every man, woman and child in Saskatchewan in a five-year period. It is our view that that kind of spending by the government of Saskatchewan is excessive and that it is ample proof of the government's inability to manage in a responsible way its fiscal responsibility to the people of Saskatchewan.

Mr. Speaker, this Budget is touted by the Minister of Finance as a document which has been planned to stimulate the economy of the province. It is touted as a document which represents the cyclical nature of budgeting. From our point of view, Mr. Speaker, from the point of view of the Liberal caucus, it represents too little, too late and when examined from a cyclical point of view represents this government's inability to plan and stimulate the economy in a responsible manner.

SOME HON. MEMBERS: Hear, hear!

MR. PENNER:— Like every Saskatchewan resident I am glad to accept the cut in income tax. But like every Saskatchewan resident I am asking this question — why is it that we have had the highest provincial income tax rate of any province in the Dominion of Canada? Why is that during the period from 1972 to 1977 the rate of provincial income tax paid in Saskatchewan jumped from 37 per cent of federal tax to 58.5 per cent of federal tax, an increase of 21.5 points or 58 per cent? Why is it that while our rate of growth in the period from 1972 to 1977 jumped 58 per cent, that in British Columbia during that period of time the increase was 16.5 per cent, or that in Manitoba the increase was 13.5 per cent, or that in Ontario the increase was 15.5 per cent, or that in Prince Edward Island one of the so-called have-not provinces, Mr. Speaker, while the rate of income tax in Saskatchewan went up the 58.5 points the increase there went up 14 per cent, or that in Nova Scotia another Atlantic province, the rate went up 14 per cent or in New Brunswick the rate went up 14 per cent.

Mr. Speaker, I am pleased to note that members opposite are concerned about the

figures that I have just presented, that there is an obvious feeling of defensiveness on the part of the Treasury benches about the fact that the income tax rate in Saskatchewan has gone up 58.5 per cent to the highest of any province in Canada, while other provinces have not had to do that.

Mr. Speaker, I think that the answer to that question is relatively easy to discern, Saskatchewan residents during that period of time were being ripped off by a government that was unable to manage its fiscal affairs in a responsible manner. During that period of time no province in Canada increased its provincial income tax rate higher than did the province of Saskatchewan. Not even one of the Maritime provinces, as I said a moment ago, which are generally recognized as being in a very low economic situation, it hit their citizens as hard as did the province of Saskatchewan. During that period of time moneys accruing to the provincial treasury as a result of income tax increased from \$115 million to \$393 million in 1977. An income tax payment increase of 245 per cent in five years.

So, Mr. Speaker, on behalf of the Liberal caucus I said it is about time the income tax rate in Saskatchewan was reduced.

SOME HON. MEMBERS: Hear, hear!

MR. PENNER:— I say further that it is only a result of government mismanagement and financial bungling that we were ever forced into a position in the first place of having the highest provincial income tax rate of any province in the Dominion.

Mr. Speaker, that's only part of the answer. The other part of the answer rests with the minister's attempt to downplay deficit budgeting by looking at the cyclical nature of our economy. If we look at the cyclical nature of our economic situation and recognize that we are in a difficult economic situation today, whereas we were not in that kind of situation three or four years ago. Then that leaves us to ask a number of other questions. For example, where was the government's cyclical approach to stimulating the economy when as a result of Bill 42 in 1973 you drove the oil industry out of Saskatchewan? Where was your approach to the cyclical stimulation of the economy when in effect you have driven the potash industry out of Saskatchewan? The fact is that when you had the opportunity to develop the resource sector as a counterbalance to our agricultural base you ignored that opportunity. You have allowed yourselves to become perpetrators of slogans. "Jobs today, energy tomorrow." When in fact you could have had jobs and energy yesterday if you were not so consumed with the philosophy of total government control and domination of everything.

SOME HON. MEMBERS: Hear, hear!

MR. PENNER:— Mr. Speaker, Saskatchewan has enjoyed buoyant times recently. We have had a good deal of urban growth and excellent grain crops. But buoyant times in Saskatchewan have been enjoyed in spite of the members opposite, because of the hard work of our agricultural community and weather that has allowed good crops. What has the government done to attempt to diversify our economy? I submit, Mr. Speaker, that rather than doing something to develop our economy, the government has stood as the greatest roadblock in the way of diversification. The government has taken about \$350 million from the Energy Fund of this province and has invested it in Saskatchewan potash. What has it returned? Virtually nothing, Mr. Speaker, virtually nothing. We have taken millions of dollars in taxation from the oil companies, those so-

called big, bad multinational oil companies and driven them out of the province and then we have turned around and given that money to international potash corporations that must have laughed all the way to the bank. If the potash companies are claiming that the Saskatchewan government is a sucker in the recent potash takeover, Mr. Speaker, I really can't blame them. Had the government left the \$350 million in the bank, it would have accrued to the provincial treasury something between \$35 million and \$40 million in interest alone — twenty times the return, at least twenty times the return, Mr. Speaker, that we have received to date on the investment in the potash industry.

What would that money provide for the government of Saskatchewan today? It represents a significant portion of the total amount of money the government is prepared to spend on agriculture in 1978-79 or it could be used to fund the Attorney General's department or that money could be used to finance the Department of Finance and the Department of Culture and Youth in 1978-79. That money could more than finance the capital expenditure estimated for the Department of Northern Saskatchewan in the coming fiscal year.

Mr. Speaker, the Minister of Finance has made much of the fact that there have been income tax cuts that have been made available to the people of Saskatchewan. He make much of the fact that there has been relief provided for the senior citizens of Saskatchewan to the tune of about \$9 a month. While there can be no denying that a drop in our income tax rate and an increase to senior citizens is desirable, there can also be no denying that had the government taken the opportunity that it had in 1973 and 1974 and 1975 to develop our resource sector and broaden our tax base, that it could have made significantly greater increases into relieving the tax burden that we face and into relieving the burden which all of our people on fixed incomes must face.

Mr. Speaker, at the same time that the government of Saskatchewan until this year was involved in substantially increasing direct taxation to the province, it has also been involved in an insidious attempt to create indirect taxation. Not only have we been hit harder than any other province in Canada in our income tax situation but we have also been hit harder than anyone else in indirect taxation. Rate increases in some of our Crown corporations can be described as exactly that, Mr. Speaker, indirect taxation. The day of these utilities being expected to basically pay their way is gone. Now, in addition to that, they are expected to be a taxing body to contribute to the general revenue of the province.

You know, Mr. Speaker, it is really no wonder that Crown corporations have undertaken a publicity campaign. It's no wonder that so many Saskatchewan residents have indicated how upset they are with the amounts of money that the government is spending on those so-called 'family of Crown corporation' ads. Because after the price that Saskatchewan residents have had to pay this winter for fuel and for electricity, I submit, Mr. Speaker, that the government of Saskatchewan needs more than a publicity campaign. What that government needs, Mr. Speaker, is a reduction in those rates. Mr. Speaker, let us take a look at what has happened to the rates of some of our Crown corporations during the past few years. Let's begin by looking at Sask Tel.

From the year 1975 to 1977 the rates for a regular telephone service jumped by 27 per cent. During the same period of time the rate for long distance service jumped by 25 per cent. During the years 1974, 1975 and 1976, Saskatchewan telephones paid over to the province in the way of dividends in excess of \$24 million. During the year 1976-77, Sask Tel has shown a profit of \$37 million. Yet, the minister in his Budget Address

this week calls for an increase in telephone rates of 8 per cent. Mr. Speaker, there is only one conclusion that any reasonable person in Saskatchewan can draw, and that is that Sask Tel, because of the rates that they charge is providing an indirect service to the province of Saskatchewan.

Let us for a moment, take a look at Sask Power, Mr. Speaker. Most Saskatchewan residents, after the winter we've had have no difficulty understanding what has happened to the rates for gas and electricity in this province. Many consumers in Saskatchewan have noticed that this year they have been paying more than double what they used to pay for these utilities. The reasons that have been given for the tremendous rate increases by the Minister of Finance and by the Minister in charge of the Saskatchewan Power Corporation, that they have to meet increased costs and that is the only reason, in our view are absolute and utter nonsense.

They claim that the rate increases are results of increased costs and that the only reason for the rate increases is to cover increased costs. Well, Mr. Speaker, when one examines the budgets from the years 1974 through to the present, we can see just how ridiculous that claim is. In 1974 the revenues accruing to the province of Saskatchewan from Sask Power was zero — absolutely no money that was being paid over in dividends to the treasury of the province.

In 1975, Mr. Speaker, when rates began to increase dramatically, the budget shows that the revenues accruing were estimated at \$3.6 million. Those revenues by the way were actually received, Mr. Speaker, in 1976. In the 1976 budget the estimate was \$10.2 million — moneys that were received in 1977. In 1977 the estimate shows \$15.2 million — moneys being transferred as dividends from the Crown Corporation, Sask Power, to the general revenue of the province. And it is interesting to note, Mr. Speaker, that during that period of time, a four-year period when the gas rates went up just over 100 per cent, when electricity rates went up 57 per cent. And at the time when the rates began to increase at exactly the same time, the government of Saskatchewan .. the Saskatchewan Power Corporation began to pay moneys over to the provincial treasury, another obvious example, Mr. Speaker, where the Saskatchewan Power Corporation is being used as a method of indirectly collecting taxes from the people of Saskatchewan. The conclusion is obvious and it is inescapable.

Mr. Speaker, as one examines the Crown corporations there are some other interesting pieces of information that are available. As most members will be aware, many of the Crown corporations are set up under the Government Finance Office which acts as a parent company. Among these Crown corporations are Saskatchewan Minerals, Saskatchewan Government Insurance Office, Saskatchewan Forest Products Corporation, Saskatchewan Transportation Company, Saskatchewan Government Printing Company, Saskatchewan Fur Marketing Service and the Saskatchewan Computer Utility Corporation. In 1973 these seven companies combined, Mr. Speaker, returned a grand total of \$2.4 million to the Provincial Treasury. In 1974 the amount dropped a little to \$2.1 million. In 1975 the amount went up a little again, Mr. Speaker. It went up to \$2.6 million. But in 1976, the latest year for which we have figures, Mr. Speaker, all of these companies combined returned a net deficit to the province of over \$1 million.

Mr. Speaker, it is of interest to note that in the four year period that I have just mentioned, 1973 through 1976 inclusive, the Saskatchewan Forest Products Corporation has returned a net loss to Saskatchewan of \$4.5 million. On the one hand we have Crown corporations that have charged such excessive rate increases that they

are providing an indirect tax to the people of Saskatchewan, and on the other hand we find Crown Corporations, Mr. Speaker, that have provided significant losses to the people of Saskatchewan.

If I may return for a moment to the subject of the Saskatchewan Power Corporation, Mr. Speaker, not only have they provided significant increases to the people of Saskatchewan through higher rates in the past few years, but in fact they are ashamed of it. Well I know that the increases were amounting to something in the neighborhood of 50 per cent with the electricity and over 100 per cent with gas. I felt obliged to contact the Saskatchewan Power Corporation and ask them to tell me exactly what their rate increases were. I did that, Mr. Speaker, in deference to exaggerating the increases and in an attempt to be as exact as I could in the example I wanted to give. Mr. Speaker, do you know what the response was when I called SPC and asked them for the information? Mr. Speaker, the response from SPC was that they couldn't provide that information; moreover they couldn't provide that information on the minister's order. Mr. Speaker, I say to you that that is disgraceful. It is shameful; it is all the proof we required that the minister and the government of Saskatchewan are ashamed of what they have done to the people of this province.

SOME HON. MEMBERS: Hear, hear!

MR. PENNER:— They are ashamed of what they have done through Sask Power rate increases. Mr. Speaker, let me say this, there is no denying the government's attempt to hide taxation in this way. There is no denying that the rates for these utilities are too high. There is no denying that the government has an obligation to cut these rates back rather than add the 8 per cent that this Budget calls for. There is no denying that the government hasn't the intestinal fortitude to tax directly. If the government hasn't the guts, Mr. Speaker, to tax directly, then it ought not to tax at all.

SOME HON. MEMBERS: Hear, hear!

MR. PENNER:— Mr. Speaker, during the last 12 months Saskatchewan has faced a low economic growth factor and at the same time an extremely high inflationary factor. It is my view that the blame for these two situations rests squarely on the shoulders of the government opposite.

Borrowing on the United States market has had a significant detrimental effect due to the floating nature of the Canadian dollar and due to the further burden placed on Canada's balance of payment situation.

This Budget, Mr. Speaker, shows a 47 per cent increase in the provincial debt in a one year period. The minister has excused that situation by saying it is a self-liquidating debt. It is unfortunate it isn't more like one of the popular television programs that might allow it to become self-destructing.

The negative impact of the government's decision to nationalize the potash industry on the investment climate of this province is simply another example of this government's non-caring attitude about the oppressive tax burden placed on its citizens and an indication of a lack of foresight or tunnel vision if you like regarding a broadening of the tax base that I mentioned earlier.

Mr. Speaker, this government's economic mismanagement is compounded by the fact that despite increased federal payments, despite the highest provincial income tax of

any province in Canada until this Budget came down, despite the fact that no province in Canada increased its provincial income tax rate more than did Saskatchewan in the period from '72 to '77, this government still cannot live within its means. In addition other serious shortcomings in this Budget, there is significant misleading information regarding cash inflow. The cash inflow shown on page 40, Mr. Speaker, I predict is over exaggerated. If you look at page 40 of the Budget you will see the cash inflow for the province is projected for '78-'79 at \$1,651,166,530. There is no doubt in my mind but that the revenue to the province is overestimated in this Budget or in this document to the tune of approximately \$160 million to \$165 million. I want to explain to you, Mr. Speaker, through you to other members of the House and to the people of Saskatchewan why I make that statement.

When you go back and analyzed the projections for cash inflow and the actual cash inflow for those same years from 1973 through to the present, not only is the analysis staggering but it shows a lack of budgeting knowledge possessed by the government. It shows their total incompetence in financial planning. Let's look first at '73. The budget for that year projected a cash inflow of \$724 million. What actually happened, the cash flow was \$660 million, an error in estimating, Mr. Speaker, of \$64 million or 9 per cent. When looking at 1973 in more detail we can see that the estimated revenue from resource development was \$61 million. In actual fact only \$36 million was realized. The error on one item alone was \$25 million or 41 per cent, that, Mr. Speaker, from the area where the government has best prided itself on its development. I say some development. In 1973 the estimated revenue from liquor tax was \$34 million. In actual fact they received \$15 million, less than half. In 1974, Mr. Speaker, the year ending March 31, 1974, the estimated revenue was \$901 million. In actuality the government took in \$822 million. Again the error was 9 per cent. A detailed analysis of 1974 shows the same kind of misleading difference between the actual revenue and that projected. That great source of revenue, our resource development, was projected at \$78 million and the actual figure was \$54 million. A review of fiscal 1975 and fiscal '76 reveals the same kind of story. In 1975 the difference between the projected revenue and the actual was \$155 million. In 1976 the error was \$137 million; 14 per cent and 10 per cent errors respectively. Mr. Speaker, one would think that after significant errors in estimating in 1973 and 1974 the government or at least someone in the department would begin to catch on. But no, the same kinds of errors continued into 1975 and 1976.

Resource revenue is another continuing example as we pursue the record of the government through 1975. They projected \$212 million and realized \$100 million. The error again was over 100 per cent. Mr. Speaker, obviously the government believed the optimistic nonsense they perpetrated on the people of the province about what a great and wonderful resource policy they had. There can be no question (book blanked out) ever, Mr. Speaker, that our analysis of the NDP resource policy has been more accurate. That policy did not encourage resource development, it drove it away. The government did indeed mishandle their resource policy development. They should have been able to realize handsome revenues in this area. Instead the oppressive narrow-sighted attitude of the government frightened away resource development and realistic tax revenues to the people of Saskatchewan. While the government dropped its expectations for resource development revenues in 1976 by \$16 million over 1975 they still fell \$39 million below their estimated revenue. The story is so conclusive, Mr. Speaker, that I think nothing more needs to be said. The government's total incompetence in managing our resource sector is obvious.

Mr. Speaker, the other point that is obvious is that the estimated revenues shown in this

Budget is suspect. Based upon the records from the year 1973 through to the present it is safe to assume a 10 per cent error. That means that the actual revenues are more likely to be \$165 million below that which is projected on page 40 of the Budget. It also means, Mr. Speaker, that the deficit that this government has planned for the people of Saskatchewan isn't \$45 million at all, it's closer to \$210 million. If the Minister of Finance is sitting there squirming over that one and denies that possibility then I say to him that there is only one other alternative and that is that the government curtail its expenditures at least to the extent of \$165 million over what it has projected or the deficit will indeed be considerably higher than the \$45 million projected in that Budget. I suspect, Mr. Speaker, that the reason that this government cannot live within its means is because it is caught up by and large in an additive budget psychology, a psychology which assumes that last year's program was good simply because it existed; an attitude in the bureaucracy which says we must use last year's budget as a base, add an inflationary factor, then add enough that when Treasury Board makes some cuts (because after all it is an expectation that Treasury Board is going to make some cuts) that there is still going to be enough money left over that they will be able to run the same program as last year this year in much the same way. I suspect, Mr. Speaker, from the smile on the Minister of Finance's face that that's just a pretty apt description of the process that is generally in use.

What is needed, Mr. Speaker, is an entirely different approach if this government is to reduce spending and learn to live within its means. One different approach, and it's only one and certainly not a panacea, is the zero-base budgeting approach. The concept of zero-base budgeting, Mr. Speaker — Mr. Speaker, it seems obvious that not only is the government having some difficulties, but the Progressive Conservative Party is a little upset as well about the fact that, for a number of years, the Liberal Party has been putting forward the concept of zero-base budgeting as a reasonable alternative to the additive budgeting psychology. We have provided that approach to the government. On two or three different occasions, we've noticed recently that the Progressive Conservatives have begun to pick up on some of the ideas that we have put forward but I'd like to give the Minister of Finance an opportunity to hear in some detail what our concept of zero-base budgeting is and how it can be applied to the Department of Finance and to the government.

The concept of zero-base budgeting, Mr. Speaker, is one which I have raised in the House at an earlier date. It is a concept which the Minister of Finance tended to scoff at. Anyone scoffing at the concept is either misinformed or ignorant about it and I wish to take a few minutes to explain the process in some detail. I also wish to show how zero-base budgeting, while as I said a moment ago, not a panacea, can be a significant process for a government grappling to balance the scales between ever increasing costs on the one hand and a decreasing money supply on the other. I don't think that anyone can deny that this government and most other governments today, Mr. Speaker, are in that position. They have increasing demands placed on the revenues they've got, and at the same time, a decreasing supply of revenue resource.

Zero-base budgeting has the value for government of being a management tool. There are a number of basic steps in developing the system:

1. Develop decision packages through in-depth planning.
2. Rank the decision packages through an in-depth analysis of the feasible alternatives (and this is an important feature of the process).

3.Zero-base budgeting requires a major planning effort. The establishment of a clear set of goals and objectives is essential and I think this is one of the areas where the government particularly could increase its effectiveness in its budgeting process.

4.Zero-base budgeting is based on the assumption that each fiscal period begins with zero-dollar availability. While this cannot always be practical, and could certainly be a factor with every program every year, it could be undertaken with some departments each year. Some analysis in this regard is certainly better than none. It is a major step in the right direction when compared to the current philosophy of additive budgeting.

Mr. Speaker, the psychology of additive budgeting used by most civil servants, whether they be employed by the government of Saskatchewan or by any other government, is probably the least effective and efficient means to utilizing tax dollars. By the time a preliminary budget gets to the treasury benches for analysis, you're already beat. You've been gobbled up by the system, a system which, for the purpose of utilizing public money, is wasteful, inefficient and forever chasing good money after bad. This system works on the basis of a false premise. It presupposes that last year's program was good and therefore, ipso facto, it should continue. There's little understanding of goals and seldom is a program disbanded or changed when simple analysis shows that it is no longer useful or that the money spent on the program is money wasted.

The use of a zero-based budgeting model in government is a very workable process. While I'm more familiar with zero-based budgeting as it applies to the educational enterprise, the steps in the planning process would not be dissimilar.

Let's look at the steps in the planning process for just a moment, and I don't want to take a lot of time with this, Mr. Speaker:

1.This step has to do with policy determination and, of course, that's where the elected input is there right in the beginning.

2.When one needs to begin to look at needs, assessment.

3.To have some feelings for the goals and objectives; to provide some kind of assessment and development.

4.To establish the priorities. Identify the resources that are available, to get some preliminary determination of the programs that a government or any elected body may want to implement.

Then to get into the analysis, Mr. Speaker, which is the heart of the entire program. A strong point to emphasize is that even at this point, there is a good possibility of totally eliminating the program, or revising or modifying it, in whatever way one wishes, then move on to the selection of a program and finally to the revision of existing programs or the development of new ones if necessary.

Mr. Speaker, anyone who is following me and I suspect that most members are, understanding what I have just said, will recognize that a major factor in the planning process is the need and the desire to have elected people involved in the process very closely. Too often, and this one is no exception, budgets are basically the product of those hired to administer them. While I acknowledge the need to have department

personnel involved in a good deal of work, indeed to lose the valuable input of those directly involved in carrying out programs would be unthinkable, it must also be acknowledged that the input of elected people is most important.

Mr. Speaker, the product of the planning process when implemented within a specific department is decision packages. These include such things as: the purpose of the program; a statement of that program; an indication of the resources that are required; the consequences of not carrying out the activity at all; some measure of performance; some alternative courses of action; an analysis of the costs and benefits.

Mr. Speaker, it's essential that those utilizing the zero-based budgeting concept understand what analysis means. I would like to take a moment to define analysis. A system analysis might be defined as an inquiry to aid a decision maker in choosing a course of action by systematically investigating his proper objectives, comparing quantitatively where possible the costs, effectiveness and risks associated with alternate policies or strategies for achieving them, and for formulating additional alternatives if those examined are found wanting. The systems approach represents an approach to or a way of looking at complex problems of choice under uncertainty. In such problems objectives are usually multiple and possibly conflicting. An analysis designed to assist the decision maker must necessarily involve a large element of judgment. Mr. Speaker, although this definition refers specifically to systems analysis the basic concepts, as outlined, are quite applicable to analysis in zero-base budgeting. Major components of the analysis process include first of all the development of the objective or the objectives. Here the primary task of the analyst is to discover what the objectives are, and then determine the extent to which the objectives are attainable through various choices, followed by an examination of how effectively each alternative can be expected to accomplish these objectives. One moves from there into an examination of the alternatives and the costs and finally to the development of a model.

As I said a moment ago, Mr. Speaker, zero-base budgeting can be a significant process for a government grappling to balance the scales between ever increasing costs on the one hand and the decreasing money supply on the other. While I have taken a few moments to go into the concept of zero-base budgeting in some detail, I want to assure the minister of my full co-operation in discussing the concept of zero-base budgeting with him further in an attempt to assist him — while it may be too late for this budget — in whatever way I can with the development of budgets in the future. I want to say first of all, in addition to that, Mr. Speaker, that I want to assure members of the House that when we present our first budget after the next election, we will be using a zero-base budgeting concept as an underlying principle in the budgeting process of redevelopment.

The psychology of zero-base budgeting has the advantage of forcing the review of a program as it were from the ground up. It forces a justification of program in light of changing social and economic factors and in terms of the value of the program compared to its costs. It forces assessment in terms of need. It forces examination of the very foundation of the program rather than an assumption that there is a need to add an additional floor to the building. Let me illustrate my point with an example.

Mr. Speaker, the Saskatchewan Prescription Drug Plan has as its goal a desire to protect Saskatchewan citizens from excessive drug costs. It is a universal scheme applied to us all, a laudable goal and an expensive goal. In 1976 the cost of the plan was just over \$17 million. The estimates tabled earlier this week show that in 1978-79

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there is a projected cost for the Prescription Drug Plan of \$21,850,000. A neighboring province, Manitoba, also has a universal prescription drug plan. It protects those who through no fault of their own require extensive and expensive drugs. People of Manitoba pay the initial \$50 and the plan plugs in after that. The cost of their program in 1976, Mr. Speaker, was \$5.4 million, just one-third of the cost of the Saskatchewan plan. I suspect that when we have the figures for the cost of their plan for 1978 that we will find that while there has been an escalation in their costs that it will still be approximately one-third the cost of the drug plan in this province.

Now, Mr. Speaker, there are a couple of points that need to be raised in using this example.

First, Saskatchewan's excessive costs are due to what really amounts to an army of civil servants hired to administer the plan.

Secondly, it is costing most Saskatchewan residents more to pay for a so-called free drug plan through their tax dollar than it would for the majority of them if they went out and bought their own drugs at the drug store and had no plan at all.

Members opposite may smile and they may scoff, but I invite them to look at the facts.

Our total cost for the Prescription Drug Plan in 1976 was \$17 million, as I said. In 1978 it is going to be \$20,850,000. We have a population of something over 900,000 and a simple division leaves the rate for 1978-79, Mr. Speaker, at about \$24 per person, that they are paying in taxation for this drug plan. It means, Mr. Speaker, that the average cost for a four-person family is very close to \$100 a year that we are paying through our tax dollar for the establishment of the drug plan, \$100 per year out of tax dollars for the drug plan in Saskatchewan.

Now, I submit, Mr. Speaker, that the vast majority of Saskatchewan residents do not pay \$100 per year for drugs if they went out and bought them at a drug store if they represent a family of four. But because this government has not examined the program that they have made mandatory they force every four-member family to pay that \$100 in drugs whether they need it or whether they don't need it. Yet, in a neighboring province, the cost is one-third.

Mr. Speaker, there is no doubt in the world but what assistance needs to be given to those who need it, to those who are chronically ill, to those who because of age may require more drugs than others. But there is also no question but what that kind of program could not be provided in Saskatchewan for one-third the cost of the present program.

SOME HON. MEMBERS: Hear, hear!

MR. PENNER:— And really, Mr. Speaker, this plan represents two things. As it stands now it represents a con job on the people of Saskatchewan because of its unwarranted expense and waste and secondly, Mr. Speaker, it is a perfect example of a program which, if examined critically, using a zero-base budgeting approach, could provide a valuable and needed service without the costs presently attached to the program.

Now, Mr. Speaker, I would like to spend some time looking at the budgets of 1974-75 through 1978-79 in terms of cash outflow.

I want, Mr. Speaker, the Minister of Finance to know that in a few moments I intend to deal very specifically with the year 1968-69, that I intend to show him that at that period of time for example in the construction industry in Saskatchewan there were more people employed than have been employed since 1961 in Saskatchewan....

SOME HON. MEMBERS: Hear, hear!

MR. PENNER:— . . . and that the attempt of the minister to delude the people of Saskatchewan is only that, an attempt to delude people. I want to deal with that in a little bit more detail right now, Mr. Speaker.

I indicated, earlier, that during the period from 1974 to 1978 the total expenditures of this government have skyrocketed over \$1 billion and this government talks about the way it has increased funding to various sectors of our economy. I in the past few years despite the rhetoric of the Minister of Finance.

You know, Mr. Speaker, it was interesting, today, to hear the Minister of Finance talk about the homeowner grant as being some kind of a cushion against educational tax. It is also interesting to note that on other occasions members of the treasury benches talked about the homeowner grant as being a softening of the municipal tax. I suppose that people who get the homeowner grant are supposed to use it twice. They are supposed to use it once to soften the blow of the educational tax increases that we have had and then they are suppose to turn around and use it again to soften the impact of the municipal tax increases that we have had.

Mr. Speaker, we are pleased in the Liberal caucus, to note that this government has finally begun to move in the area of health care for senior citizens. We have been aware for three years of the desperate need in Saskatchewan for level IV beds. While the government has been slow in recognizing what we have known for some time, we support this step and trust it is the first of a continuing program to help alleviate what is

at present a bad situation.

We note that the government has finally realized the needless costs we have encountered in the health care field by having to utilize level VI acute care beds for level IV patients, simply because there have been no level IV beds available for them. We say to the Minister of Health, thanks for finally waking up.

Mr. Speaker, I mentioned earlier that our provincial debt situation in 1978 is up 47 per cent over what it was in 1977. That means that in the 1978-79 fiscal year provincial debt payments will be approximately \$83 million. We are paying \$83 million in debt payments and yet the most fundamental aspect of our economy, agriculture, will receive funding to the tune of only \$48 million. Our provincial debt has increased 47 per cent; our funding for agriculture has increased by 9 per cent. Our provincial debt payment this year will be \$83 million; the total contribution to the area of Tourism and Natural Resources will be \$26 million. We will spend almost as much on our debt payment in 1978 as we will on our entire capital construction program for highways.

Mr. Speaker, in his Budget Address, the minister made much of the fact that our automobile accident insurance rates are going to drop in 1978. When he gave the reasons why there would be a drop in the accident insurance rates, he conveniently forgot to mention that the Saskatchewan Government Insurance Office was ordered to comply with the guidelines laid down by the Saskatchewan Public Sector Price and Compensation Board. He conveniently forgot to mention that the citizens of Saskatchewan were overcharged in this area and that something very close to \$1 million was collected from the people of Saskatchewan, over and above that which was required. If the minister has difficulty with that statement — certainly the minister in charge has difficulty with that statement, based on question period this morning — I would simply refer him to page 26 of the 1976 Annual Report. Mr. Speaker, the minister conveniently forgot to mention that SGIO was forced, in effect, to return this money to the people of Saskatchewan. It is but one more example of excessive taxation, both direct and indirect, and of excessive charges that the people of Saskatchewan have had to make in the past. It is but one more example of the rip-off that Saskatchewan taxpayers have faced because of the NDP government.

Mr. Speaker, this Budget is an abject failure when viewed as an attempt to stimulate our economy. We know, for example, that this province experienced very low economic growth in 1977. Statistics Canada noted that our real growth was only 1.4 per cent. The forecast for 1978 is also very low and this Budget will do nothing to change those projections. While the national growth rate is expected to be about 4.9 per cent, Saskatchewan cannot expect a rate any greater than that which they experienced — or we experienced — a year ago. The problem is compounded by the fact that we led the nation in the inflationary spiral last year. There is every indication that we will lead the nation again in 1978. The latest Statistics Canada figures, for example, will show the following.

Mr. Speaker, when one looks at the inflationary spiral across the Dominion of Canada, statistics provided by Statistics Canada, taking the period from January, 1977 to January, 1978, we find for example, in St. Johns, an increase of 7.8 per cent; in Halifax, the increase is 8.9 per cent; in St. John, it is 8.7 per cent. We move into central Canada, Quebec. Quebec City, 8.5 per cent; Montreal, 8.7 per cent; Ottawa, 9 per cent; Toronto 9.2 per cent. We can move into the West. We can see Winnipeg at 8.7 per cent; we can see Edmonton; we can see Calgary, for example, at 8.3 per cent and Vancouver at 7.5 per cent. You know, Mr. Speaker, when you look at Saskatchewan you see figures that

lead the nation. You see that in Regina, in the period from January 9, 1977 to January, 1978 we had the highest increase insofar as inflation is concerned of any city in Canada at 10.5 per cent. It is interesting to note that Saskatoon is not far behind. In the period between January 1977 and January 1978 the inflationary spiral shows an increase of 9.8 per cent. And so, Mr. Speaker, you can see why I say that there is absolutely no indication but what the same factor that all of us felt last year in the province is something we are going to continue to feel again in the coming year.

Mr. Speaker, the \$80 in tax cuts returned to Saskatchewan taxpayers will have some but relatively minor effect on Saskatchewan. Much of the benefit will go to eastern Canada or to Japan or to the United States, places where television sets and cars and toasters and so on are manufactured. The real benefit to any retail industry in Saskatchewan I think most would admit is going to be relatively minor. In addition, much of the money returned will be eaten away by increased payments on our provincial debt and by increased payments and indirect taxations on utilities like telephones and electricity.

The stimulation of small business by lowering the corporate income tax rate to 11 per cent puts us on par with other provinces and I look forward to seeing in more detail the formula that the minister intends to put into effect. I expect that what we will find will be a formula for corporate tax that will be staggered and that on certain amounts of money it will be 11 per cent and as we go beyond that the rates will go up.

I want to say, Mr. Speaker, that anything that is done to assist small business in this province is welcome because there can be no denying the fact that this government for too long has forgotten that that sector of our economy has even existed. Anything you do is welcome but it is long overdue. Much of what is here in terms of stimulating the economy of this province, as I said yesterday, is cosmetic in nature.

The government has failed to diversify our economy, has failed to capitalize on our tremendous resource capabilities. The government has squandered millions of dollars on potash mines and returned to the people of Saskatchewan an investment on our money that is far below 1 per cent.

Mr. Speaker, the minister has talked about creating new jobs in Saskatchewan as an attempt to stimulate the economy. Let's take a look at what has happened with jobs in Saskatchewan, Mr. Speaker. Let's use the figures provided by the government itself on page 51 of the Budget. I think any members who have their Budget copies with them may wish to follow what I am going to say and see the impact of what, in fact, the government has done.

Mr. Speaker, these figures are supplied by Statistics Canada. They show figures for employment in the non-agricultural industries in Saskatchewan and the index employment based on 1961 equalling 100. To be fair we will use the preliminary actual figures shown of 1976 because they tend to be the most accurate and will make our comparison based on the 15-year period between 1961 and 1976. The actual statistics are shown for the years 1968 through 1976.

Now let's look at the figures, Mr. Speaker. In mining, if you look at the first column, we have a percentage growth factor in the period from 1961 to 1976 on an annual basis of 5 per cent per year. In manufacturing we have had a percentage increase of 2 per cent per year. In construction we had a situation where in 1976 the employment in the construction industry was 7 per cent below what it was in 1961 and we have the further

interesting information, Mr. Speaker, of realizing that in the construction industry in the period between 1961 and today, the years when construction employment has been the highest in Saskatchewan were in the years 1968 and 1969 when we had a Liberal government in this province, and that not since 1968-69 when we had a Liberal government in Saskatchewan has employment in the construction industry reached the figures they were in those years.

SOME HON. MEMBERS: Hear, hear!

MR. PENNER:— Mr. Speaker, in transportation and other utilities the annual growth rate of employment was less than 1 per cent a year. In trade the annual growth rate has been 3.3 per cent a year. In the section of our economy dealing with finance the growth rate has been 6 per cent a year. In the service industry it has been 17 per cent a year and in the section under economy dealing with the industrial composite, the growth rate has been 3 per cent a year. Mr. Speaker, it is of interest to note that the areas of greatest growth have been in the service industry, in a sector of our economy that does not provide the kind of diversification that would serve to stimulate the economic growth of Saskatchewan. It is of interest to note that the areas where we could expect some diversification in our economy, areas dealing with mining, with manufacturing, with the industrial composite — these have been in the areas, Mr. Speaker, where there has been the least growth. And it is of interest to note, as I indicated before, that the highest level of construction activity and employment in Saskatchewan were the years of 1968 and 1969 when we had a Liberal government in the province.

Mr. Speaker, I have said before and I want to say it again, that the Premier and the members of the Treasury benches would be better off spending less time making up slogans about 'Jobs today — Energy tomorrow'. Had they taken the opportunity that was presented to them in the past few years, to diversify our economy, to develop our natural resources, the Saskatchewan economy would be a good deal stronger and we would not today be in a position of expecting a real growth factor in 1978 of no more than it was in 1977 at about 1 per cent.

Mr. Speaker, there are a number of examples of misleading information in this Budget but none so glaring as that portrayed on page 32 that my colleague the member for Kindersley, alluded to this morning. On that page at the top is a chart entitled 'Reduction in the Civil Service'. The chart, Mr. Speaker, shows figures for the years 1975-1976, for 1976-1977, 1977-78 and 1978-79. It shows that the total number of people employed in the civil service had been changed from a total of 14,398 in 1975-76 to a figure of 13,852 in 1978-79. Mr. Speaker, these figures are wrong. Any government member who uses them to portray the situation either purposely wishes to mislead the people of Saskatchewan or is totally ignorant of the civil servant position we are in today. We know that SGEA alone in the winter employment, Mr. Speaker, represents 13,500 people and that in the summer time it is 16,000 people. We know too, Mr. Speaker, that the figures that my colleague used this morning come from Statistics Canada and show a figure of 19,000 civil servants; that it doesn't even include the figures from the Crown Corporations and that the figures were supplied to Statistics Canada by the government of Saskatchewan. It also doesn't take into consideration, Mr. Speaker, that in a large number of departments there are many employees who are out-of-scope, who are not a part of unions, and yet we get from union people themselves, the number of people who are in their organizations. So, Mr. Speaker, I want to say and I want to say it very clearly that the government of Saskatchewan has not been successful in holding the lid on the number of employees that they have in this province. We also know, Mr. Speaker, that there are a number of

other very visible sources of the fact that the number of people who work for the government of Saskatchewan has been on the increase.

There are many communities in Saskatchewan today that need only look in their community at the government office buildings that are either completed or are in the process of being completed. We can take a look for example, Mr. Speaker, at the city of Saskatoon and we have that big monstrosity right in the heart of the city that began in the day I think, Sir, when you were the minister in charge, which still isn't finished, and I can't help but wonder if the reason it isn't finished is because there is an attempt to design another floor because already it is far too small to house the number of civil servants who work in the city of Saskatoon. And that is the reason, Mr. Speaker, why the Circle Eight Building in Saskatoon is used entirely by the civil service, and in addition to that there are other quarters that are being rented for the civil service of Saskatchewan.

I don't think that the Minister of Finance should expect us nor should he expect the people of Saskatchewan to really believe that there has been no growth in the civil service, because we know for a fact, Mr. Speaker, that there has been.

SOME HON. MEMBERS: Hear, hear!

MR. PENNER:— To confirm the point I want to make, Mr. Speaker, we received the other day, a copy of the Saskatoon interim government directory dated March, 1968, and when one looks, Mr. Speaker, at the number of people who live in the city of Saskatoon, who work in the city of Saskatoon, who represent the provincial government in the city of Saskatoon, the numbers are staggering. There are over 1,100 names in the one book, in an area, in a city, Mr. Speaker, that is not the seat of government. The situation, Mr. Speaker, is clear, growth in the government has been happening for a long period of time and there are no signs whatever that that growth is going to stop.

Mr. Speaker, the comments that I have made this morning make a mockery of page 15 of the Budget. Mill rates have not been held down in the past and I don't anticipate that this Budget is going to hold them down in the future. As a matter of fact we have already learned today that the computational mill rate for education is up six points already. Utility rates have been excessive. If you call 102 per cent over four years, or 57 per cent over two years excessive (and, Mr. Speaker, I do). Although accident premium reductions are in large measure a product of rates which in the past have been excessive and you have been asked by the Saskatchewan Price and Compensation Board to reduce your rates in that area.

Lower income tax rates are a result of excessive taxation in the past and I think the fact that your taxation rate has come down, as I have said before, is welcomed by every Saskatchewan resident. I think it is as much an admission of an error in the rate that you had a year ago as was the fact that a year ago you withdrew the Estate Tax that you had forced upon the people of Saskatchewan. The total benefits suggested of \$82 million to the people of Saskatchewan is not enough to pay our provincial debt for this one fiscal year alone.

Mr. Speaker, I am pleased on behalf of the Liberal caucus to have had the opportunity to make some remarks which I am sure the Minister of Finance has taken to heart with regard to this Budget and the economic impact that it has upon the province of Saskatchewan. Insofar as the area of capital construction is concerned I hope that we are not going to be in a position where we are going to be building for the sake of

building. I hope that moneys that are made . . . as a matter of fact I was surprised to discover, Mr. Speaker, that while the government is talking about capital construction programs I had thought that that would be money that would be made available to local governments to speed up their time line in capital construction programs they had. But I have noted, Mr. Speaker, that that is not the case. This is certainly not the case with the Department of Education where the amount of money made available for capital programming this year is less than what it was a year ago. What it appears to be, Mr. Speaker, that the capital construction program that the minister has talked about in his Budget is an attempt to continue to build the empire that the NDP have been building in this province. I say I think that's unfortunate because I am one of those people who believes that the best decisions about spending money on capital construction are people at the local level.

SOME HON. MEMBERS: Hear, hear!

MR. PENNER:— It's the school boards in Saskatchewan, it's the municipal councils in Saskatchewan, whether urban or rural, who can make the best decisions about how to use capital money and it is my view that they do a better job of making those kinds of decisions than does the record of the NDP government show.

Mr. Speaker, the minister talked about the foundation formula being incorporated into the revenue sharing component with regard to municipal government. I hope that the Minister of Finance and the Minister of Municipal Affairs will not allow the bureaucracy which surrounds the foundation grant and the budget review in the Department of Education to become a factor insofar as the Department of Municipal Affairs and their revenue sharing formula is. And I know Mr. Speaker, that the Minister of Municipal Affairs may smile about that, but having been Minister of Education at one time surely to goodness he understands the point that I make.

We, Mr. Speaker, have heard the minister's comments about the Heritage Fund and I suppose that it's fair that you ought to hear a comment from us with regard to the Heritage Fund. I am not sure it makes any difference, Mr. Speaker, whether you call it a Heritage Fund or an Energy Fund. I think what is significant is that if you are going to put money aside, then use it for what you put it aside for and don't do what this government has done in the Energy Fund in the past . . .

SOME HON. MEMBERS: Hear, hear!

MR. PENNER:— . . . where they have taken money, Mr. Speaker, that was set aside for a specific purpose which many people considered to be a valid and useful purpose and squandered it on buying potash mines. I called it theft before and I'm prepared to call it that again, and I hope that the Minister, when we hear and see what the legislation is going to be surrounding the Heritage Fund, will make certain that his government colleagues cannot do with the Heritage Fund, what they did with the Energy Fund, because that, Mr. Speaker, does not do anything to enhance the future of the generations of Saskatchewan people. It does nothing to ensure that our children and grandchildren will, indeed, have any kind of heritage at all and I implore the Minister, on behalf of the Liberal Caucus, to be certain that, when that bill comes forward, it contains the kinds of requirements which will not allow his ministers to dip into it and use it for other reasons.

Mr. Speaker, in conclusion, I am pleased, on behalf of the Liberal Caucus, to present a motion which amounts to a vote of non-confidence in the fiscal timing of this

government now and in the past. It is a motion which is based on excessive government spending and inability of this government to diversify our economy and a realization that this government has forced excessive, direct and indirect taxation upon the people of Saskatchewan. It is further based on an inability of this government to effectively stimulate job creation programs in sectors of our economy other than the service industries which would, if they were made available, add to the effective diversification of our economy. I therefore would like to move, seconded by the member for Regina South, Mr. Cameron:

That all the words after the word "that" be deleted and the following substituted therefor:

This Assembly, while pleased that the income tax has been reduced, recognizes that the government has failed adequately to deal with inflation, particularly for those on fixed incomes, has failed to effectively control government spending since it has budgeted a 12 per cent increase in spending and a \$44 million deficit and, because it has failed to diversify the economic base of Saskatchewan.

Mr. Speaker, I so move.

HON. E.L. TCHORZEWSKI (Minister of Health):— Mr. Speaker, it's a pleasure for me to speak in support of this excellent budget ..

SOME HON. MEMBERS: Hear, hear!

MR. TCHORZEWSKI:— . . . an excellent budget presented by the Minister of Finance on Tuesday. It's particularly a pleasure and an honour to do so as an MLA for Humboldt constituency, and as a Minister of Health for the province of Saskatchewan. The budget has made provision for the maintenance of the present high standard of health care in Saskatchewan. Provision has also been made for the development and the expansion of a number of new services as well as the enrichment of some existing health services. I listened to the member opposite and I was really quite disappointed that he, after his long speech, found himself unable to support this Budget because what he is saying, on behalf of the Liberal Party, is that they are against the tax cuts that the Budget provides for the people of Saskatchewan. He's saying that they're against the major assistance that's being provided for senior citizens in this Budget. He's saying that they're against the creation of job opportunities for Saskatchewan young people. You know what he is really saying? He is saying that the government of Saskatchewan, as the Liberal Party would and we know that the Conservatives would, should take the same approach as the Sterling Lyon government in Manitoba is now taking, which has recently laid off several hundred people in a time when there is massive unemployment in that province.

Now, the member made some comments about the drug plan which I just want to refer to briefly. Let me say, Mr. Speaker, and let me clarify to this House what the result of his proposal, which is really the proposal of the Conservative Party, would have on the recipients of the Saskatchewan Prescription Drug Plan. In our province, 334,000 families in 1976 were benefiting from the Drug Plan. In Manitoba, under the Pharmacare Plan, 67,700 families benefited from that plan. What the Liberal Party is telling the people of Saskatchewan, supporting what the leader of the Conservative Party said last year, is that something like 280,000 families in Saskatchewan should be wiped out from being assisted under the Saskatchewan Prescription Drug Plan. That's

what they are saying. He uses some arguments that have to be questioned in support of his argument. He says that the Manitoba Pharmacare Plan in 1976 cost \$5.4 million. That's not correct. He chooses to take only certain portions of the Plan. He chooses to ignore the \$2.3 million that is provided for people who are SAP recipients. He chooses to ignore the assistance under the Pharmacare Plan in Manitoba that provided drugs to people in nursing homes. He chooses to ignore the special benefit provisions that the Pharmacare Plan in Manitoba provides, which really makes the cost of the Manitoba plan in excess of \$10 million in 1976 and not \$5.4.

Now, the member opposite, has, as the Tory critic before him, yesterday talked about restraint. Yet in his speech on behalf of his caucus, the only example he could give to this House about the restraint that might be provided was an attack on the Saskatchewan Prescription Drug Plan. Out of a budget of \$1.7 billion he might have saved five, or six or seven million dollars and that is not a great deal of restraint on his part. All it would do is penalize some people who are getting a program and a service that is important to them.

Now, let me just make one other comment on that. Here is what the result would be with their proposal. In Manitoba, treatments for chronic conditions can cost a family, as I said earlier, or in Saskatchewan, it could cost a family less than in Manitoba. For example, a patient with asthma who uses four Intol capsules per day would save \$29.00 per year in Saskatchewan. Members of the House should know what it would cost in Manitoba under that plan that he proposes or under the Liberal plan now that he proposes, it would cost \$111.00. That is what the Liberals would impose on Saskatchewan people, or chronic patients, if they were the government here. Patients with arthritis in Saskatchewan saved some \$70 to \$250, with Parkinson's disease, \$200 to \$340 and with emphysema, up to \$900. Now if that is the approach of the Liberal Party, which seems to be now trying to follow the tracks of the Conservative Party, I am sure that Saskatchewan people are going to be most happy to know about it so that they certainly will not support them in the next election.

Mr. Speaker, as a New Democrat and as a member of this government, I am proud of the Budget and the services that we provide through various departments in it. I know that Saskatchewan people are overjoyed that we have not taken the devastating measures that Conservative and Liberal governments across this country and in Ottawa have, in their attempts to destroy universal hospital and medical programs in the name of restraint. Our New Democratic Party Budget and the Ontario Conservative Budget were introduced on the same day this year. I say, and every one of my colleagues is saying, we're proud of ours. It makes good economic and social sense. It is positive and it is developmental for this province. Sure, opposition members will continue as they have already, to squirm and to twist to try to find some way to be critical. Tories and Liberals are alike in many ways, but they are certainly alike in their inability to take a positive approach to anything. While Saskatchewan people can be proud and satisfied, it is clear that the Conservative Party of this province and Conservative members opposite are embarrassed and ashamed because their true inclinations and philosophy in approach to the needs of people are becoming more obvious every day.

The Conservative budget of Ontario recently introduced and the developments in Manitoba should make Tory members opposite embarrassed to even step into this Legislature. Now, they might argue, as they do so often, they might argue that they would do differently but more and more Saskatchewan people are beginning to ask, can we believe them? How can we believe them when in every other Conservative

province the pattern is the same? The philosophy is the same, the rhetoric is the same. The political financing is from the same sources and the forces that control them are the same. Let me say, Mr. Speaker, that those forces that control and guide them are not the people, they are the oil companies and the banking institutions and the large corporations whose interest in the welfare of the common man is only too well known.

The people are asking, Mr. Speaker, how can we believe them when every major issue they have raised in this Legislature and in the hallways and in their press conferences has turned out to be an issue based on something less than the true facts. From them we have heard of filthy hospitals. Not true! From them we have heard of racial discrimination during the Pelly by-election based on allegations that were not true. And from the member for Nipawin we have seen contempt for the judicial inquiry into our correctional institutions. From them we have heard accusations about Ranch Ehrlo's boys camps that were totally unfounded. And from them we hear an expressed desire to govern this province and people are now starting to say, can they be trusted? Can we believe what they say or will they turn around if they are elected and do whatever they want regardless of the promises, just like the Liberals did with their wage controls and just like every other Conservative government in Canada has done today?

Mr. Speaker, I will have more to say on these comparisons later. I would like to leave this subject now by saying that the question of trust and leadership is very important in Canada and in our provinces today. This government and our Premier and this Budget being debated now place Saskatchewan in the forefront of this issue.

SOME HON. MEMBERS: Hear, hear!

MR. TCHORZEWSKI:— People know where we in the New Democratic Party stand on issues. They know that we stand with them and represent their interests. People know that in Allan Blakeney, our Premier, they have the most capable government leader in all of Canada today. The First Ministers Conference again showed that.

The major tax reductions provided in this Budget are applauded throughout Saskatchewan. At a time when the economy needs stimulating we have been able to put money into the hands of the consumer, which he will spend in his community in various small business establishments. The consumer gains. The small businessman gains by doing more business and the worker gains by increased employment. This is a tax cut Budget with a careful selection of measures which make our taxation system the most progressive in Canada.

SOME HON. MEMBERS: Hear, hear!

MR. TCHORZEWSKI:— Mr. Speaker, it is the Budget that will make it unnecessary for our local governments to substantially increase the mill rates. It is a Budget which gives them the financial resources required to make those local decisions and plans which they can best make because they are closer to their community and its needs. Gone are the days of heavy-handed Liberal conditions of school boards and municipal governments. With the New Democratic government they are spared from the heavy-handed insensitive meat-axe approach of a Conservative government.

Property owners in Saskatchewan are protected from higher property taxes by a new revenue sharing program that transfers large amounts of new money to local governments. School grants are being increased by almost 11 per cent and Property Improvement Grants are being increased by 14 per cent. These are possible because of

the foresight of this government and the foresight that this government had when first elected in 1971, a foresight with leadership and management and planning capability that developed major new programs for people, that provided the capital development required in road construction, school and hospital construction and energy production capacity and yet set aside sufficient revenues in cash carry forwards to cushion us through less buoyant times. The member for Eastview (Mr. Penner) calls this mismanagement, Mr. Speaker.

He, again, reiterates the opposition of the Liberal Party to Bill 42 which made some of this year's Budget possible. All that we can conclude is that he would do the same as again has been done in Ontario, wherein the budget and I am quoting from the Toronto Globe and Mail; it says:

There was a series of mining tax changes including one that will permit major mines to deduct the costs of operating foreign processing plants to handle or ship from Ontario.

If that is an attitude of trying to create work for Canadian people, Mr. Speaker, somebody has to show me how it's going to work.

I'm going to pause for a minute now, Mr. Speaker, because I think the member of Nipawin wants to introduce some guests.

WELCOME TO STUDENTS

MR. R.L. COLLVER (Nipawin):— I want to thank the Minister of Health for his kindness in allowing me this opportunity. Mr. Speaker, it gives me a great deal of pleasure to introduce to you and through you, to the members of the Legislative Assembly, a group of 25 students, Grade 10 students from LP Miller Comprehensive High School in Nipawin. They are accompanied by their teachers Mrs. Serak, Mr. Jacobson, Mr. Cameron and the bus driver Mr. Rudd. I would like to say that this is the first group of students from the Nipawin area that has visited the Legislature since I have had the honour to be elected from that area. We certainly want to welcome them. It's a long, long trip from the Nipawin area to Regina. They are a little late, later than they had planned to be, so I would like all the members of the Assembly to join with me in welcoming this group from the Nipawin area to our Legislature.

HON. MEMBERS: Hear, hear!

MR. TCHORZEWSKI:— Mr. Speaker, I too would like to extend greetings to the students from Nipawin. Having grown up in the neighboring community of Hudson Bay I know a little bit of Nipawin, particularly the high school gymnasium where I and some of my school colleagues used to spend some time playing basketball every once in a while. I can't remember if Nipawin won them all or whether we won half of them. We always enjoyed going to Nipawin.

The Assembly resumed the interrupted debate on the Budget debate.

MR. TCHORZEWSKI:— Mr. Speaker, I was speaking, before I stopped for a moment, about the management, the good management of this government that has made this year's Budget possible. Let me say that we can have a deficit of \$44 million so that municipalities, school boards and hospital boards receive sufficient funding to maintain high levels of services and programs. We can have a \$44 million deficit and

not have to borrow one red cent to pay for it because we were prepared.

SOME HON. MEMBERS: Hear, hear!

MR. TCHORZEWSKI:— While Conservatives and Liberals as the record will show, would have blown it all, because in debate after debate they listed items one at a time and said, spend more, spend more right now. But we said that the future and future generations should not be forgotten. We said our children and their children expect us to manage and develop our resources wisely so that they can have and enjoy the services and the standard of living which we enjoy. We have said it, we did it, and we intend to continue using that kind of an approach. Now the members opposite fought this government at every turn, they bitterly opposed Bill 42, they bitterly opposed the government's potash policy and they urged, spend it all now. And from the other side of their mouths they said and they still say, there should be restraint and the government spends too much. Now what do they really mean? Let it be shown on the record what they mean in the area of health care. The former Minister of Health and Welfare for Canada, Marc Lalonde, made it clear what he thought when he stated in mid-1977 that in extending the scope of cost sharing, the federal government expects persons to pay a user charge for certain services. Provincial Liberals have a record of hospital closures, deterrent fees and resource giveaways that needs no elaboration from me. This is their idea of restraint. It means take a little from the resource companies and take all you can get from the people.

Mr. Speaker, what about the Conservative policy when it comes to budgeting and health care? Well let's examine a very close neighbor. Let's examine the province of Manitoba which now reaps the agony of policies implemented by a brand new Conservative government, a government that is of a political party identical to the Saskatchewan Conservative Party. Well one of the first things that that Tory government in Manitoba said of health care was that Manitobans won't be able to expect significant increases in public expenditures for new health facilities or for the operation of existing ones. That was in November of 1977. In December, Manitoba hospitals were told that they would have to try to manage in 1978 with the same budgets they had in 1977. That clearly means, Mr. Speaker, major cuts in services and programs. At the same time a Manitoba provincial government health planner was predicting that Manitobans will soon pay sizeable chunks for health care out of their own pockets despite medicare and that government restraint could result in entire programs being eliminated from the present health care system. Since then it has been said that the Manitoba children's dental plan may be scrapped very soon.

Mr. Speaker, Manitoba doctors and the brand new Conservative government have been on the verge of confrontation for many weeks and in the election campaign no secret was made of who the Manitoba Medical Association supported but they, too, have found that you cannot believe what Conservative politicians say. And now, Mr. Speaker, the new Ontario Conservative budget dispels all doubts about the attitude of Conservative governments and Conservative parties towards health care for people. While this Saskatchewan Budget places an important priority on health care and on education and social services, the Conservative government in Ontario has taken actions that are among the most deplorable of things I have ever seen any government perpetrate on its citizens. If anyone ever had any doubts about the Conservative health policies these should be dispelled with the knowledge that for the first time ever, for the first time ever some Ontario residents soon will be paying more in health insurance premiums than they pay to both federal and provincial governments in income tax.

The Saskatchewan Conservatives may deny that they would introduce deterrent fees but in British Columbia and Ontario and in Alberta and soon in Manitoba deterrent fees exist to penalize the old and the sick. Their record shows that things they say are often not as they are. Individual members and Progressive Conservative candidates have stated their support for deterrent fees and given the chance they would have them in place, but fast. They would not hesitate to do what every Conservative government west of Quebec is doing and Saskatchewan people are going to ask in the next election, "How long before we see a \$200 a week wage earner having to pay \$528 a year in medicare premiums if by some chance the Conservative government led by the Member for Nipawin is elected as the government?" You see, Mr. Speaker, that is what Ontario residents now have to pay. You see, Mr. Speaker, that is the attitude the Tory and Liberal governments have towards universal health care programs. They pretend to support medicare because it is politically popular to do so and yet they fought its implementation more bitterly than anything that this province has ever seen.

They say they support medicare because it is politically popular and then methodically they take steps to make it so unpalatable that it is almost worse than before medicare was introduced. They are methodically trying to destroy it because they do not really believe in it or how else could a health premium of \$528 a year or \$44 a month, imposed on a family with two children, be described?

I want to say, Mr. Speaker, that this government does not believe in deterrent fees and will not impose them on the people.

SOME HON. MEMBERS: Hear, hear!

MR. TCHORZEWSKI:— We have increased our resource revenues so that they now make up 25 per cent of the total provincial revenue. Seven years ago it was only 7 per cent and this kind of policy provides us an opportunity to provide health care services to Saskatchewan people equally without penalizing those on fixed incomes or low incomes with deterrent fees and health premiums. What would this record be like under a Conservative or Liberal government? Again the Ontario example shows that people are secondary to the resource companies. In Ontario total revenue from resources amounts to .2 per cent of total revenue. That's good old Conservative performance, that's good old Conservative management and if that is what we would be getting from our resources in this province you can be assured, Mr. Speaker, the Tories or Liberals in power would be imposing massive health care levies on people.

Now Conservatives opposite will deny all these things I am sure. Well, Mr. Speaker, again it is a question of do they really mean what they say? Let's consider an example, let's consider what the Conservative Health Minister in Ontario was quoted as saying in January 14 of 1978 in the Toronto Globe and Mail. He said that he does not intend to implement immediately the recommendations of a report that advocated shifting more of the health costs to the patient and scrapping the universal health care system. That report recommended that Ontario patients pay higher Ontario Health Insurance Plan premiums plus up to \$150 a family a year in hospital care. I maintain, Mr. Speaker, that Saskatchewan Conservatives will do the same as they have consistently done since 1975. They will say one thing and they will do another. Their record of performance as it relates to the use of facts speaks for itself.

Mr. Speaker, according to a Globe and Mail report on March 8, among those provinces with combined income tax and health care levies, we have the lowest taxes in Canada

for a family with two children and an income of \$10,000 per year, and you can raise that figure even higher.

The member of Eastview spoke of the situation of taxation in this province. Let me give him and his colleagues and all of the members opposite some examples. Let me take the federal income tax and the provincial income tax and the health care levies of the provinces of Ontario, Quebec, British Columbia, Alberta, Manitoba and Saskatchewan and make a little comparison. The federal income tax in all of these provinces is \$229 for a wage earner of \$10,000 with two children, except in Quebec where it is something like \$200. The provincial income tax in Ontario was \$277; in Quebec, \$500; in British Columbia, \$290; in Alberta, \$242; in Manitoba, \$340 and in Saskatchewan — do you know what it is, Mr. Speaker? It is \$97. Let's include in that the health care levy, the tax on everybody regardless of income and you find in Ontario as I have already mentioned, it is \$528 per family; in Quebec, \$150; in British Columbia, \$225 and in Alberta, \$169. Temporarily in Manitoba there is no health premium and in Saskatchewan it is well known that there is none. Now what does this all do? If you add all of these up you find that Saskatchewan has the lowest taxation on this category of wage earner of all of those provinces. In fact, at \$326 total, it is about one-half of the tax that they would have to pay in the province of Alberta — half.

Mr. Speaker, just let me give you the statistics on all of those provinces. The total of those taxes, and the health premium is a tax whether those fellows over there want to admit it or not, in Ontario is \$1,034 on the \$10,000 wage earner, and in Quebec it is \$850; in British Columbia, \$744; in Alberta, \$640; in Manitoba, \$569 and in Saskatchewan, \$326.

Mr. Speaker, it doesn't matter how you cut it, Saskatchewan has the most progressive tax system in Canada. We have the most comprehensive and efficient health plan in Canada and we pay for it out of general revenues so that the sick and the old and those on fixed or low incomes are not penalized.

The opposition members often speak of this province as having the highest taxes in Canada. Well I think it is time, Mr. Speaker, that the press and others showed honesty to our people, that this is just not true. We have a very efficient health system in Saskatchewan, perhaps one of the most efficient in the entire country. Frequently our department, in recent months in particular, is visited by Americans, our neighbors from the south, either researchers or government officials who are interested in having a first hand look at our health system and these visitors have often remarked on how impressed they are at our ability to provide such a wide range of health services and still maintain such a low ratio of administration costs and total program costs.

It is often said that Saskatchewan health care plans, namely the Saskatchewan Hospital Services Plan and the Medical Care Insurance Commission are the most efficient health insurance plans in Canada, if not in North America and comparisons with similar plans in Canada for 1976 clearly bear this out. In 1976 the administration costs for the Medical Care Insurance Commission were about 4 per cent of what that program's total expenditures were, and if we compare this with similar plans across Canada, we see that Alberta's rate was about 5.4 per cent, Quebec was approximately 6.5 per cent, while Nova Scotia and British Columbia reported 5 per cent and 5.6 per cent respectively. The figures become even more interesting if we compare the medical care insurance figure with the statistics for privately run medical plans in Canada. It has been estimated that the ratio for these plans is in the range of 7.5 and 12 per cent. So much for the efficiency that they talk of over there. The ratio for the Saskatchewan

Hospital Services Plan has been decreasing steadily since 1973 at a rate of approximately 11 per cent annually. In 1976 only 1.06 per cent of SHSP's total budget was spent on administrative costs. And I think, Mr. Speaker, that these statistics speak for themselves in terms of this government's efficiency in administering its health programs.

In 1971 we removed the Liberal deterrent fees and medicare and hospitalization premiums for senior citizens. In 1974 premiums were dropped for all Saskatchewan residents. Compare NDP Saskatchewan — no premium, to Conservative Ontario. As I have already stated in Ontario it makes no difference whether you earn \$10,000 or whether you earn \$100,000, each family will be required to pay \$528 in health insurance premiums a year. That is Progressive Conservative performance, Mr. Speaker, and people should not forget that our Saskatchewan Conservatives in some ways have promised the people of Saskatchewan a little more performance. The Saskatchewan Tory is no different than an Ontario Tory, Mr. Speaker, a Tory is a Tory.

Our government has not and does not have to engage in panic warnings to the health systems such as that which is now occurring in some Canadian provinces. Let us look at this government's record since 1971 and while Liberals close hospitals we have, since 1971, built new ones at Biggar and Lestock and Elfros and Lampman and Climax.

SOME HON. MEMBERS: Hear, hear!

MR. TCHORZEWSKI:— Our Budget this year has provided for a substantial increase in the funding of our health programs. The total 1978-79 health budget is \$435,626,000 and this represents an increase of approximately \$31.9 million or 7.9 per cent increase over last year's estimate. The Conservative increase in Ontario was 4.3 per cent, a very conservative increase.

The Minister of Finance has already mentioned the construction at the University Hospital in Saskatoon and regeneration program in Regina. I want to say that the people of rural Saskatchewan possess a strong pride and commitment with respect to their local hospitals and our government shares these sentiments. We are not afraid to let our record speak for itself in terms of our commitment to maintain and improve rural health services. A new 45-bed hospital is under construction in Kamsack. New hospitals will be built in Borden, in Nokomis and Paradise Hill and major renovations are being undertaken at North Battleford and La Ronge and Leoville and Herbert and Kipling. Approximately \$4.7 million, an increase of 8.4 per cent over last year has been set aside for construction and renovation projects such as these, including an allowance for retirement of capital debt.

Mr. Speaker, more emphasis is needed to be placed on health and social programs for our senior citizens. The government has already introduced a number of health programs of special benefit to our elderly. Some of these are the Saskatchewan Prescription Drug Plan which members opposite would like to destroy, the Saskatchewan Aids to Independent Living and the Saskatchewan Hearing Aid Plan.

In 1976 20 per cent of the drug plan's payments were made on behalf of the elderly. This represents \$5.1 million and approximately 40 per cent of the SAIL beneficiaries are age 65 or over and about 51 per cent of the hearing plan's beneficiaries are 65 and over. The cost of health services for the elderly in existing home care programs, Mr. Speaker, is estimated at \$1 million in 1977-78. It is undeniable that these programs are beneficial to our senior citizens. In 1975 the department established the position of

a provincial gerontologist and this individual acts as a resource person to various government departments, community and professional agencies.

Where all of these accomplishments have helped meet more and more of the health and social needs of our elderly, I believe that more could be done and I am particularly pleased that the Budget has provided funds to begin implementation of a province-wide home care program. This program will provide a wide range of community support services, services which will help older people maintain their independence in the communities in which they have spent their lives. I believe that the key to maintaining independence amongst the elderly lies in the provision of community-based support services. Make no mistake, Mr. Speaker, the elderly do want to stay in their own homes. If they must be institutionalized then they want that institution to be in their own, or near, to their community or as close as is possible.

The recently appointed task force on senior citizens in Saskatoon was created to develop a proposal for a demonstration community-based program of services for senior citizens in Saskatoon City and rural areas adjacent. This type of program is new to Canada and we are very optimistic about its eventual success. We hope that this program will demonstrate the way of providing organized and co-ordinated delivery of all community services to the elderly. Hopefully the success of community programs such as this one will greatly reduce the demand for nursing home and level IV beds. Nevertheless, Mr. Speaker, as I have said before, there will always be a need for nursing home and level IV beds. Among our highest priorities is to resolve some of the difficulties which currently exist in our system of institutional care for the elderly.

The Departments of Health and Social Services are developing a proposal which will provide immediate relief to nursing homes which care for people requiring an extensive amount of nursing care and I will be announcing the details of this within the very near future. Four million dollars will be provided for this purpose and also to provide additional level IV beds. I am also very pleased that this Budget has made financial provisions for a day care centre for senior citizens in Moose Jaw. The details of this project are now being worked out with the Moose Jaw community and I shall be able to say more about this project at a later date. We hope that the centre will prove to be a viable alternative to institutionalization of the elderly and that it will postpone the need for admissions to the hospitals for our senior citizens. One of the recommendations contained in the report of the committee on service funding of the College of Medicine was that the Department of Health should made financial support available to the College of Medicine for new thrusts in the geriatric field.

Last fall the college announced its establishment of a division of geriatric medicine at University Hospital. Now, Mr. Speaker, we have provided funds in this Budget in support of this new division. This government has taken steps and continues to take steps to help the elderly remain in their homes as long as possible. Today, more and more senior citizens are playing a more active role in the community. They provide a mass reservoir of community service and talent. Society and the economy and our life style should not be geared only to persons under the age of 60 and this Budget provides the funds and the programs to make these things possible.

Mr. Speaker, I am pleased to be able to announce that we are increasing the benefits for patients who have been referred outside of Canada for treatment which is not available in Canada. This occurs only in rare instances where the necessary treatment is simply not available anywhere in this country. New medical technologies are constantly being developed. Occasionally some technologies are so specialized that they are not

available in this country. As an example is the bone marrow transplants which are performed in Seattle, Washington. In a case like this, a procedure which requires tremendous supportive care, the hospital bills can leave the patient and his family in heavy debt. We have taken steps to rectify this situation. Beginning in 1978 the Saskatchewan Hospital Services Plan will pay the fair and reasonable cost of hospital services required outside of Canada in cases where patients are referred for medical treatment which is unavailable in Canada. I want to stress, Mr. Speaker, that this change is separate from an upcoming increase in payments by the Saskatchewan Hospital Services Plan for emergency and elective treatment received by Saskatchewan residents in out of Canada hospitals. These particular changes will be applied to all individuals who may require medical services outside Canada.

Mr. Speaker, there are a few other items which deserve a brief comment. In 1978 the Saskatchewan Dental Plan will extend its services to two more age groups. This means that all children born from 1967 to 1974 will now be eligible to receive dental treatment free of charge from the Dental Plan. I think the Member for Nipawin wants to make another comment.

MR. COLLVER:— Mr. Speaker, I noticed I neglected when I introduced the students to mention another teacher that was also present from Nipawin, Mr. Herman. I am sure you will join with me in welcoming Mr. Herman all the way down to Regina for this session.

HON. MEMBERS: Hear, hear!

The Assembly resumed the Budget Debate.

MR. TCHORZEWSKI:— Mr. Speaker, in the past year our government has devoted considerable time and effort towards the fulfilment of its commitment to improve ambulance service in Saskatchewan. Agreement in principle has been reached with the Saskatchewan Road Ambulance Association on the plan to improve services and funds have been provided to achieve these improvements through our municipalities. In the weeks ahead and in the Estimates I shall be speaking in more detail on other initiatives of the government in health care.

Mr. Speaker, I have been reading press reports in response to the Budget. The headlines have been saying things like: "The SARM Sees Right Step Taken", "Senior Citizens Applaud The Budget", "The Budget Judged Sound By The Labour Federation", "Healthy Move Seen According To The Consumer Association of Canada — Saskatchewan Branch", "Chambers Describe Budget As A Good one". And finally, "The Budget Draws Praise For Construction Plants".

Only the critics over there, Mr. Speaker, only the critics from the opposition parties have been critical in a major way. In conclusion I just simply want to say and I want you to know, Mr. Speaker, that I don't agree with the Conservative and the Liberal critics who believe that their only role is to criticize. I agree with the people of Saskatchewan. Therefore, I am going to support this Budget.

SOME HON. MEMBERS: Hear, hear!

HON. E. KAEDING (Minister of Agriculture):— Mr. Speaker, it is with great pleasure that I rise to take part in the Budget proposed by my colleague, the Minister of Finance. I propose to examine the initiatives of this government to support the rural economy of

this province during the 1970s. I will also illustrate the role my department's budget will play in that vital task in the next fiscal year.

Our government took office in 1971 in the midst of a major depression. We were elected to revitalize and develop rural Saskatchewan, to do all of those things a provincial government can do to raise the quality of life for its citizens. I say with pride that the NDP programs for the rural people are successful even beyond our dreams in 1971. There are two reasons that stand out as important factors in the turnaround of our rural areas. One reason is the great improvement in income flowing into rural communities. In Saskatchewan farm and small town income depends very much on international markets. We have experienced some good years in the '70s. But it all also depends upon the provincial economic picture and the policies of provincial governments. This is increasingly true today as we diversify our agricultural base as well as resource and industrial bases.

Many programs of the NDP government support the renewal of our smaller centres.

The programs that my department have concentrated on strengthening are the traditional practices of Saskatchewan agriculture as well as stressing those developments which will bring greater incomes, security, and self-sufficiency for our population.

The second reason is the availability of services outside the city. People today are greatly influenced in where they choose to live, by cultural activities, by recreational opportunities and by the availability of education and other services. More and more of our population places high value on good services and a good quality of life. Our government has dedicated great effort to decentralizing services and bringing the variety of urban life to the bulk of our people who are not city dwellers. In this effort we have established several firsts for Saskatchewan in education, health, and communications.

The Saskatchewan Community College system is a first in North America. Our colleges require no campuses, no buildings, and have few staff; yet community colleges have brought first-rate education to hundreds of towns, villages and hamlets — education on demand, as requested by the people. The cost is small but the impact is enormous. Community colleges are a true Saskatchewan success story and they are having a very positive effect on rural life.

In health care we have opened 10 community health centres where the Liberal Party was closing hospitals. In 1978 we will carry on with the renewal of hospital services to rural Saskatchewan. The Budget Speech revealed plans for new hospitals for three communities and major hospital renovations for an additional five centres; I think the Minister of Health indicated those.

Over 270 schools, all over the province, now contain dental clinics where children receive the best in dental care from experienced dentists and our top-rated dental nurses, the only ones of their kind on this continent.

In transportation our NDP government began a system of market grid roads in the 50's and we'll have completed it in the 70's. Only 8,000 miles of farm access roads remain to be finished and these are being done at an accelerated rate of 1,000 miles a year.

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We have initiated a program of hardtopping for super grid roads, a program for hardtopping the main streets of smaller towns and villages and a program of hardtopping the access roads leading into these communities.

In dozens of rural communities, new curling rinks, swimming pools and hockey arenas have been built with help from the \$50 million our NDP government put in the Community Capital Fund and the \$25 million in the Recreation and Cultural Facilities Program.

Many of these same communities today are the sites of new senior citizens' homes. Before 1971 nearly all the new senior citizens' homes were built in the cities. Today over half are being built in smaller centres, closer to where retired people live and work, so they can stay at home near friends and families. This, we count as one of our NDP government's most important changes and it remains a top priority with over 90 per cent of subsidized housing going to senior citizens.

Dozens of smaller towns benefit from housing programs that have sparked an unprecedented growth in construction across the province. For years, the quality of housing outside the cities was poor. Many families lived in old and dilapidated homes. Today even the smallest centres have new houses, many hundreds of them built through NDP programs such as co-op housing, subsidized home ownership, and land assembly and apartment incentives.

The Senior Citizens' Home Repair Program has assisted thousands of our pioneers still living in the communities they built and this year it will be boosted to help over 8,000 persons, at a cost to this government of over \$4 million. These are investments of small town Saskatchewan, Mr. Speaker, that I'm very proud of, rinks, schools, senior citizens' homes, new housing — investments of small town Saskatchewan, the hallmarks of a rural renewal that has put a new face on the life of Saskatchewan. Behind the new look in our smaller centres are programs of economic support and diversification. Revenue sharing will inject \$19 million of new money into our urban and rural communities, a 50 per cent increase from 1977. A further massive increase will take place next year as well, in order to finalize the revenue sharing program. This tremendous increase of grants follows a series of increases made since 1974 which in themselves are enormous. In 1971, less than \$1 million went to municipal councils from the province. In 1977 operating grants from municipal affairs alone exceeded \$23 million. Combined operating and capital grants exceeded about \$55 million. Mr. Speaker, compare that. In 1971, \$1 million; in 1977, \$55 million. Besides that, today over 40 per cent of the budget of provincial governments is paid over to local governments. Roughly one half billion dollars was received by community authorities, the majority of them in our towns and rural centres and most of these grants unconditional. Yet, Mr. Speaker, we hear criticism from those opposite of loss of local autonomy.

Millions of dollars have also been pumped into our swine economy. To support hog prices and to keep hog producers in business, the hog stabilization program paid out, over the years, \$14.5 million. Cow/calf operators received advances worth \$49.7 million and over \$30 million in payments went to cattle producers in the Feed Industry Assistance Program.

The Land Bank assisted 2,000 farmers with rents well below the cost of mortgage payments. Of these 2,000, fully one quarter had no previous land base. An additional 30 per cent farmed less than a half section. Over one half of the current lessees would not likely be farming today without the assistance of the Land Bank. Similarly, over one

half of the 3,300 Farm Start grants are new farmers. To date, Farm Start has extended \$71 million to young farmers in the livestock industry, an industry that the federal government refuses to provide adequate support for, at great cost to our province and at great cost, in the long term, to every Canadian.

Thirty clinics have been opened in rural Saskatchewan with support under our agreement with the federal government.

Saskatchewan crop insurance covers most common crops. In 1971 there were only 7,890 contracts in the province. In 1977, 47,157 contracts were sold through an aggressive marketing program undertaken by this government and adding substantially to the stability of our province. It's worth noting that the 498 per cent increase in crop insurance contracts is handled through decentralized offices in dozens of towns, placing the employees near the people they serve.

Crop insurance is only one of the many government operations decentralized by our NDP government. Hundreds of staff people and their families live in smaller centres, spending money there, adding to the renewal of our community life. Community colleges employ full-time people and part-time in almost every centre of village status or larger. Business assistance representatives live near the businessmen they deal with. The Highway Traffic Board and the Land Bank employ staff in small centres; so do the regional offices of the Department of Education, the Dental Plan, Core Services, Farm Start counsellors and Legal Aid officers.

Large operations relocated to towns, have brought new payrolls to support the local economy. The Prairie Agricultural Machinery Institute at Humboldt and the Water Supply Board at Watrous are two such examples. My department has decentralized much of its activities to six regional offices located throughout the province. The revitalization of farm and rural life must continue and it must deal with serious threats of transportation, farm input costs and many aspects of federal policies. The job is far from complete. Our livestock producers still pay cyclical markets. Our crop production still depends too much on international markets, but our government is dealing with the longer term issues that must be faced to solve these solutions to these problems.

Our government has taken a strong stand on behalf of the crowrate in order to maintain that rate and its multimillion dollar benefits directly for farmers and to extend the rate to all seed products and other products where it is a key to help the farm incomes and industrial processing here, in the West.

Our government agrees with the recommendations of the Hall Commission. If implemented, Hall's recommendations would do much to assure the future of rural Saskatchewan.

I am somewhat dismayed, Mr. Speaker, by the sidestepping and shuffling by the Federal Minister of Transport in implementing these recommendations.

We continue to work in support of farmers, businessmen and people in small towns who need some recognition from Ottawa for their legitimate demands for a reliable service from the railway companies and their subsidiaries. In the next few years we expect to negotiate federal support in cost-sharing for major programs in rural development.

Planning is now underway, in my department and in other departments of our

government, to develop a program which will provide the underpinning needed to ensure that Saskatchewan rural revitalization of the '70s will continue and even expand into the '80s.

The Estimates in my department include \$200,000 to ensure the financing of this critical planning stage. Mr. Speaker, planning is necessary. We need to ensure the work is done now to develop protective programs that will meet the needs of the 1980s.

Let me recap the initiatives in this Budget to support a strong rural Saskatchewan now. Revenue sharing will be introduced this year. Revenue sharing will assure rural municipalities transfer payments that will grow with the provincial economy. Grants to rural municipalities will increase by \$7.1 million. That translates, Mr. Speaker, into significant property tax relief for rural taxpayers. In addition, Property Improvement Grants will be increased up to \$375 for farmers, up to \$250 for small businesses and up to \$230 for individual householders.

This Budget contains major initiatives in housing that will benefit the people of rural Saskatchewan. The grants for the Senior Citizen Home Repair Program have been increased to \$650 and will be made renewable every five years. This extends the program to an additional 8,500 people. A loan program is being instituted for homeowners who undertake insulation programs. The Rural Housing Program is being doubled, \$6.7 million for 800 units as provided. The Home renovation Assistance Program is being expanded at a cost of \$6 million, a real benefit to some of our older but yet very adequate farm homes. The \$52 million reduction in provincial income tax will have major impact in rural Saskatchewan.

To this list of support for rural Saskatchewan, we must add the following:

1. An 11 per cent increase in grants to school boards.
2. A 10 per cent increase in grants to hospitals.
3. A 9 per cent increase in grants to libraries.
4. \$53 million to improve the roadways of rural Saskatchewan.
5. The Mainstreet Business Development Program.
6. A Small Industry Development Program.

All of these are important in small towns in Saskatchewan.

Mr. Speaker, we must also add to this list of programs for rural Saskatchewan, the substantial programs of my department in support of agriculture, because agriculture is and will continue to be the lynchpin for rural Saskatchewan. I will turn to those in a minute.

Mr. Speaker, the agricultural industry is a complex industry which often faces problems which cannot be forecast with precision. Our government recognizes that we have an important role to help the industry deal with emergencies created by the vagaries of weather and international markets and other factors beyond the farmers' controls.

We have worked hard to ensure that long-term programs like Crop Insurance, the Western Grains Stabilization Program and The Agricultural Stabilization Act amendments were put in place and that those programs are responsive as possible to the needs of Saskatchewan farmers.

We are often critical of the federal government, Mr. Speaker, but we have been prepared to support their actions when we believe they are constructive. But long-term programs alone are not always sufficient. We have been prepared to recognize that and have supplemented these programs where necessary. We have instituted emergency programs even when funds were limited because we recognize that rural people and our agricultural industry needs government support to deal with emergencies. When possible, we have been trying to obtain federal assistance in financing these programs. Let me cite examples of our efforts over the past year.

When it appeared that the province faced the serious prospect of a drought at this time last year, we were able to initiate a joint federal/provincial drought assistance program. That program has provided for assistance to over 70 small communities to develop water supplies. It has assisted in dugout pumping for 1,389 farms and for rural communities, and undertaken to assist over 450 farms up-to-date to transport fodder for their livestock.

In recognition of the problems created by livestock producers by this winter's severe weather, we have undertaken now to extend the fodder transportation assistance program until June 1, 1978.

Our government, Mr. Speaker, has faced many problems created in the agricultural market place with the same responsible attitude. Funds have been available to cattle producers through our cash advance program ever since the fall of 1974. The beef cattle market, although now showing signs of recovering, has been depressed longer than nearly any of us could have anticipated. We have responded by extending the time frame for cash advances and have spelled out to producers that the requirement for repayment will not occur until the beef market has recovered to the point that cash flows permit producers to handle the repayment.

Mr. Speaker, during the extremely wet weather during the past harvest season, my department introduced a program to help farmers defray the costs of moving certain grain harvesting and drying equipment to areas where that equipment was required. Mr. Speaker, 162 farmers got assistance under this program at a cost of over \$70,000. That program illustrates that our government is quick to deal with unforeseen circumstances.

Mr. Speaker, I am confident that the next budget from my department reflects goals for rural Saskatchewan which are shared by our government and the majority of the people of this province. My department's budget illustrates a balance between programs to encourage further economic development in rural Saskatchewan and programs to enhance the quality of rural life.

Let us examine the new initiatives of this government set out in my department in 1978-79 estimates. Last October, I announced the formation of the Outlook Irrigation Branch in my department. This new branch has been formed to consolidate the services previously provided by a number of my department's branches in the Outlook irrigation district. Over a million dollars are provided by the 1978-79 estimates for activities in this new branch. These funds will be utilized for a number of programs which have been

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developed to encourage production and processing of irrigated crops in the Outlook district. The grants provided by my department to assist in development of land for irrigation have been increased to one-third of the development cost, to a maximum of \$100 per acre for up to 480 acres. Significant grants, Mr. Speaker, to ensure that continued development in irrigation acreage occurs.

The policy to assist in demonstration of new crops has been expanded and a policy to ensure the production of new, unproven crops has been developed to fill the gap where regular crop insurance is not available.

A policy to formalize the rental of department owned equipment, needed for special crop production during the period of the year when the crop is being introduced, will be put in place for the 1978 crop season.

A policy will be introduced to provide assistance to initiate processing of irrigated crops in the Outlook area. Irrigation farmers have now organized a company for this purpose and are marketing last year's vegetable crop now. Further processing of those crops will enhance the economic activity in that area. It will also reduce the volume of vegetables which will be imported into Saskatchewan. This government has agreed to pay the water tax on those acres in the South Saskatchewan irrigation district which have not yet been put into production for the current generation of dry land farmers in the irrigation area. As these farmers retire and a new generation of farmers take over, we fully expect these acres will be developed into irrigation. In some cases, the development will occur more quickly as existing producers opt for irrigation or as the land is transferred to producers who wish to undertake irrigation development. Taxation will begin, Mr. Speaker, when irrigation starts.

This package of policies, I think, illustrates the point I just made about program balance which reflects both the thrust of the economic development and concern about the quality of life of people in rural Saskatchewan. The policies of the new irrigation branch emphasize economic development. We anticipate the development of 5,000 acres of irrigated special crops over the next five years. At the same time, we are committed to defray the water taxes of those people who do not, at their present stage of life, choose to convert to irrigation production.

Mr. Speaker, I can only regret that the previous Liberal government chose to plunge headlong into irrigation development in irrigation district No. 1, without taking adequate account of the legitimate concerns of those farmers who did not wish to convert to irrigation. I believe that this new water tax policy goes a long way, however, to rectify the injustice that was brought upon these people by that Liberal government.

This budget provides \$50,000 to make grants to individuals initiating irrigation projects outside of the SSRIP. Provisions were also made for loans and grants under the Farm Start Program for individual irrigation projects; \$70,000 for grants and \$550,000 for loans. This assistance to farmers initiating irrigation projects throughout the province will provide further opportunities to diversify and intensify our agriculture.

Let me deal with the provision in my department's 1978-79 estimates for agricultural research. The members opposite are fond of saying that more should be done by this government to support agriculture research in this province and I suppose we could all agree to that. A look at the record shows that in 1970-71, the former Liberal government provided \$67,000 to support agriculture research at the University of Saskatchewan through their agriculture budget. In 1978-79, the budget proposed for

direct support of agricultural research from my department is \$2,305,000. That, Mr. Speaker, is an increase of 3,300 per cent over what the last federal government was prepared to provide. The Crop Development Centre will receive \$790,000, a 295 per cent increase over the original \$200,000 provided in 1971. Mr. Speaker, the increase in the ongoing grant to the Crop Development Centre over the last year is 31 per cent. That is substantial and I feel that increase is warranted. A look at the planting intentions for special crops in this province this spring, compared to the year 1969, illustrates the diversification of our cropping made possible by information being supplied to farmers by the Crop Development Centre about new crops, and by the complementing programs my department has introduced in the production and marketing areas.

My staff estimates that 27,000 acres of field peas will be planted this year compared to 1,700 in 1969. We expect 6,500 acres of lentils this year, compared to 400. We expect 20,000 acres of canary seed — of all things, canary seed in Saskatchewan — and there was less than 1,000 acres in 1969. Sunflower acreage should go up to 3,000 acres and 400 acres of dry beans and 800 acres of faba beans will be grown this year.

Mr. Speaker, we still need more acreage for special crops, but those figures, I believe, illustrate the gains that we are making are very significant.

The Institute of Pedology will receive \$285,000, a 325 per cent increase over 1970-71. The Protein Oil Starch Pilot Plant and the Veterinarian Infectious Diseases Organization will receive \$50,000 and \$250,000 respectively. In addition \$900,000 has been provided to enable construction by the university of a 200 sow-swine research unit. Hog producers — good for you, Jack — hog producers, the hog commission, the staff of the university and my department have worked for some time formulating plans for this research unit. It has been designed to address the practical problems of hog producers. The swine barn is designed with heating, ventilation, manure disposal and other things. It will also allow researchers to learn more about diseases of swine associated with intensive modern production units.

The location of the Western College of Veterinary Medicine in Saskatoon provides an important facility and excellent staff to carry on this research in conjunction with the College of Agriculture. I believe that major research projects such as the swine research unit should be undertaken on a joint basis by provinces such as PAMI was. However, we regret that Manitoba and Alberta have not yet at this time indicated support for the project.

The Veterinary Infectious Diseases Organization will be opening its new animal disease research unit this year. The swine research unit will complement, under practical herd conditions, the research that VIDO will be carrying out. I am happy to advise that our annual operating grant to VIDO has been increased this year to \$250,000 from \$200,000 last year.

I am confident that our increased support will encourage other jurisdictions particularly the federal government to recognize the important role VIDO has to play in transferring basic disease research into useful technology which can be used on the livestock farms not only in Saskatchewan but indeed in livestock production across Canada. The total of \$2,305,000 committed by the province in this year's budget for agricultural research represents over 4 per cent of the total agricultural budget of \$54 million. When one compares this to the 1971 budget where less than one-half of one per cent of their \$15 million was allocated to support research.

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Mr. Speaker, let me briefly list a number of other initiatives in my department's budget proposals. We intend to increase the amount of funding for the grazing lease improvement program by \$500,000 up to \$1.5 million this year. The grazing lease improvement program was introduced by this government in 1973. We recognized the untapped potential of much of our public grazing land and we're prepared to invest in the improvement of that land so that lessees could intensify and expand their cattle operations. The province will receive an increased return in the future related to the increased productivity of the land.

Mr. Speaker, over 22,000 acres have been improved and another 80,000 acres are in the process of being improved and demand for the program continues to be strong.

Funding for regional projects which are planned and initiated by my department in co-operation with local farmers to demonstrate new methods of agricultural production, have been increased by about \$40,000. This will allow for two regional projects to illustrate the benefits of forage production.

This Budget also provides \$1,098,000 as agriculture's contribution to the operation of the Prairie Agricultural Machinery Institute, up from \$1,049,000 last year.

A new program to assist producers of cattle seed stock to performance and progeny test, their most outstanding sire prospects, has been introduced.

We have increased by over \$50,000 the amount of our support in the Budget for 4-H activities. Mr. Speaker, I am particularly pleased that this Budget provides funds for employment of six full time regional 4-H specialists in the province by 4-H regional councils. We have provided funds as grants to the regional councils in the past and we will continue this practice with the increased grants this year. Another example, Mr. Speaker, of local autonomy in this Budget.

I am also pleased that this Budget contains provision for a grant of \$25,000 to assist the 4-H Foundation with capital improvements at Camp Raynor, the provincial 4-H camp.

We have increased the funding proposed for grants to seed cleaning co-operatives by \$190,000.

The funding of the Farm Ownership Board has been increased to ensure that we have the capacity to deal effectively with the difficult cases of foreign ownership we have and will continue to encounter.

Another \$85,000 has been included to initiate pilot projects to train farmers and farmers' assistants.

Mr. Speaker, \$55,000 has been included to provide an operating grant to the Saskatchewan Feed Testing Laboratory to ensure farmers have access to information needed to improve the nutrition of our livestock.

Mr. Speaker, a key to the development of agriculture in the province is expanded market opportunities, especially for the products of more intensive production and further processing. This Budget reflects further commitments of this government to developing market opportunities for these products in an organized and effective way. A new Agricultural Development Corporation has been put in place to assist in

marketing of agricultural production. The emphasis will be on providing concrete help to producers and processors in trade negotiations and arrangements. Assistance in market analysis and development will also be provided.

These areas of trade are vital to successful international marketing, but our producers and processors often lack the resources to deal effectively with the introduction of our agricultural projects to world markets. The Agricultural Development Corporation will fill that gap. The corporation will also provide a mechanism through which my department and indeed other departments, can undertake agricultural development projects in developing countries. Indeed one such project, the development of water sources for livestock community grazing reserves in Kenya is underway. Two department staff from my department and three other Saskatchewan residents are assigned to that project. This project is entirely funded by the Canadian International Development Agency. About \$175,000 is provided in the proposed Budget of my department to underwrite the initial operating costs of this new corporation in the first year. An appropriation to the market development fund is increased by \$75,000 to make a total appropriation there of \$325,000. Funds are provided to the Marketing and Economics Branch to initiate a program to promote Saskatchewan agriculture products in our own market. As a province we have to import more agriculture products than necessary, particularly vegetable and meat products. The promotion my department will carry out will encourage Saskatchewan people to consume Saskatchewan products and will identify those products for our consumers.

Mr. Speaker, the market development activities in my department are being integrated into our overall objectives of improving opportunities for Saskatchewan farmers to intensify their production units. Our government believes we can create an attractive alternative to the ten section wheat farm so that two-thirds of Saskatchewan wheat farmers won't have to leave the land, destroying many of our rural communities in the process.

Mr. Speaker, I have a few other items that I would have liked to have discussed here. I certainly believe the people of Saskatchewan will find this to be a very good Budget and I am certain that I am going to be supporting it, but I would like to, at this time, because I have some further remarks to make on it, beg leave to adjourn the debate.

SOME HON. MEMBERS: Hear, hear!

Debate adjourned.

The Assembly adjourned at 1:02 o'clock p.m.