

**LEGISLATIVE ASSEMBLY OF SASKATCHEWAN**  
**Second Session — Eighteenth Legislature**  
**9th Day**

**Wednesday, March 24, 1976.**

The Assembly met at 2:30 o'clock p.m.  
On the Orders of the Day

**WELCOME TO STUDENTS**

**MR. J.L. SKOBERG (Moose Jaw North):** — Mr. Speaker, it gives me great honor to introduce through you to the House, Mr. Glen Hagel the instructor for the St. Louis College in Moose Jaw and 12 adult students from Moose Jaw that are in the upgrading class. I am sure that everyone here in this House appreciates the fact that the upgrading class are able to attend the House today, the most important day in the history of Saskatchewan, the Budget Day.

Mr. Snyder (Minister of Labour) and myself will meet with you folks at 4:15.

**HON. MEMBERS:** Hear, hear!

**WELCOME TO GUESTS**

**MR. D.G. STEUART (Leader of the Opposition):** — Mr. Speaker, I should like to welcome all the guests here today to hear the Finance Minister (Mr. Smishek) present this Budget. Now I would also ask them unless they are pressed by some urgent business to get back to their jobs, if they would stay and hear the other half the story when the financial critic, Mr. MacDonald, makes his critical comments.

**SOME HON. MEMBERS:** Hear, hear!

**WELCOME TO STUDENTS**

**MR. R.H. BAILEY (Rosetown-Elrose):** — Mr. Speaker, I should like to introduce through you to this House a group of students from the Division Three school in Rosetown. I have met with these students and I believe there will be only three students or in this neighborhood in the gallery at this time. They are accompanied by Mr. and Mrs. Neuvey and Mrs. Kay Epp. They will be staying in Regina over night. They have toured the building and hopefully I will meet them later.

**HON. MEMBERS:** Hear, hear!

**QUESTIONS**

**Meadow Lake Wood Industries**

**MR. R.E. NELSON (Assiniboia-Gravelbourg):** — Mr. Speaker, I have a question of the Minister of Industry and Commerce. In view of the CBC TV program last night confirming earlier suggestions of mismanagement in the Meadow

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Lake Wood Industries, will the Minister now consider initiating a public or other inquiry to look into this SEDCO fiasco?

**SOME HON. MEMBERS:** Hear, hear!

**HON. J.R. MESSER (Minister of Industry and Commerce):** — The answer, Mr. Speaker, is No.

**MR. NELSON:** — A supplementary question, Mr. Speaker. Have the employees received at this time their full wages earned before the closing of the doors?

**MR. MESSER:** — Mr. Speaker, I know that provision has been made for employees' salaries to be paid. I am not certain at this point in time whether the employees have received all of those salaries. The deadline was to be the end of March.

### **Potash Export Sales Down**

**MR. C.P. MacDONALD (Indian Head-Wolseley):** — Mr. Speaker, I should like to direct a question to the Minister in charge of Saskatchewan Potash Corporation. I heard the news announcement this morning indicating that potash export sales were down an astounding 47.2 per cent in the first eight months of this year in comparison to the first eight months of last year. Is the Minister aware of this drastic or dramatic fall in export levels of potash and could he give us an indication as to the reason why?

**HON. E. L. COWLEY (Minister of Potash Corporation):** — Well, Mr. Speaker, there has been a decline in potash export sales, the prime market for Saskatchewan potash as the Member knows is in the United States and the fertilizer season there is just beginning. One of the reasons advanced for some of the decline, last year was a record year in export sales and also there is some suggestion that some buyers are holding off some of their acquisitions in anticipation of there being some reduction in the price.

**MR. MacDONALD:** — A supplementary question, Mr. Speaker. I also heard on the same newscast that the stockpile was up some 400 per cent. I am not sure if I have got those figure exactly correct. Will the Minister indicate if this is going to lay off employees and workers in the potash industry across the Province of Saskatchewan?

**MR. SPEAKER:** — Order! Asking the Minister to comment on radio broadcasts or newspaper reports is not in order. If the Member wants to rephrase the question.

**MR. MacDONALD:** — Would the Minister indicate whether or not the huge surplus of potash and the very high stockpiling in Saskatchewan at this time will result in layoffs of employees in the province?

**MR. COWLEY:** — Well, Mr. Speaker, the stockpiles of potash such as they are, are in the hands of the various potash companies. Undoubtedly the level of sales and the level with which they are able to ship potash over the next two or three months will have an impact on the rate of production which they will propose to carry on for those two or three months. Whether or not it will result in layoffs if the levels are not as high as may be anticipated, I am not in a position to answer, although I suspect the various mine managers would have some opinions on that. Basically it is a question of how rapidly those stockpiles can be diminished during the fertilizing season starting in the United States.

**MR. MacDONALD:** — One final supplementary, Mr. Speaker. Would the Minister tell me if the dramatic fall in the export sales of potash has any impact on the Government of Saskatchewan in relation to their attempt to expropriate or purchase the potash industry?

**MR. MESSER:** — No.

### **Northern Local Governments**

**MR. R.L. COLLVER (Leader of the Progressive Conservatives):** — Mr. Speaker, I would direct a question to the Minister of Northern Saskatchewan. In the light of the resolution of the eight northern local governments unanimously endorsing non-confidence in the Department of Northern Saskatchewan, in the light of the Minister's absolute assurance to this Assembly last fall that it was not the intention of DNS to take over the authority of local governments in the North, is the Minister now prepared to make a commitment to this Assembly that positive local control will be immediately turned over or guaranteed to northern residents and to the Northern Municipal Councils?

**HON. G.R. BOWERMAN (Minister of Northern Saskatchewan):** — The short answer, to that question is, No. I think that the Member is reporting on a meeting which was not officially called, nor did it have any official constitution of any kind with respect to local administration in the northern part of the province, particularly on the west half of the province which he is referring to. Therefore, to comment with respect to his question, I say that we will continue our efforts to establish local government in northern Saskatchewan on the basis that we started out and on the basis of the support that we received from the locals which indeed has been encouraging to date.

**SOME HON. MEMBERS:** Hear, hear!

**MR. COLLVER:** — A supplementary question, Mr. Speaker, is the Minister suggesting that he did not receive the reports of condemnation from residents of the eight local communities in the northern part of Saskatchewan?

**MR. BOWERMAN:** — I read the reports and I also had my Department officials reporting to me on the reports, but I have had no

official communication from the group who you are suggesting met on some occasion and formulated those resolutions.

### **Violence in Hockey at Exhibition Stadium**

**MR. E.C. MALONE (Regina Lakeview):** — Mr. Speaker, I should like to direct a question to the Attorney General. It deals with the question of violence in hockey and arises from an incident at the Exhibition Stadium last Friday night in the Regina Pat Hockey game. I was not at the game, Mr. Attorney General, but according to the reports I received, I gather there was an incident at the end of the game where a number of fans were on the ice fighting with the hockey players. I am wondering in view of your earlier statements about having policemen at these games, whether there were policemen at this particular game, if an investigation has been taken and if charges are to be laid?

**HON. R. ROMANOW (Attorney General):** — Mr. Speaker, I cannot absolutely confirm that police officers were at the game. I can tell the Member that as a result of the incident a few weeks ago in Saskatoon in the Victoria Cougars — Saskatoon Blades hockey game, my Department asked the police representatives to attend for the time being rinks where hockey games were taking place for the purpose of taking evidence in the types of circumstances that you described. I can only assume, therefore, that the Regina police were carrying out those instructions and were there and that in due course investigative reports will be submitted to the Department of the Attorney General for action to be taken one way or the other. It is just simply too early for me to comment in that regard yet.

**MR. MALONE:** — Mr. Speaker, a supplementary. At the time you made your announcement about the Saskatoon incident, Mr. Attorney General, you indicated that you would be meeting with your counterparts in the other western provinces to formulate a policy about violence and junior hockey. Has that meeting taken place and do you have a policy?

**MR. ROMANOW:** — The meeting has not taken place. What has transpired or is about to transpire I'm not sure and the sequence of correspondence is a series of letters to my counterparts in the other parts of western Canada outlining to them the problem that we've had and asking for their suggestions. With respect to the policy, our policy has been long before the Victoria-Saskatoon game, that where there is a suspected breach of the law, action will be taken, whether it's in a hockey rink or not in a hockey rink. Indeed the Member will know that in 1973, charges were laid and successful prosecutions carried out against two hockey players as a result of an incident in Humboldt. What happened since Victoria was a stepping up of that policy, namely asking the police officers to attend the hockey games for the interim, because of what appeared to be a particularly vicious nature of the game in Saskatoon.

I'll keep the House posted as to what happens in my consultation with the other Attorney Generals.

**MR. MALONE:** — Supplementary, Mr. Speaker. Have you put a time limit

on the period where police officers are to attend the hockey games? That is, is it for the next six months, is it forever, for the next two weeks, what?

**MR. ROMANOW:** — There is no time limit. I think for practical purposes it is in effect means for the balance of the hockey season this year. We're coming to the end of it. I would hope that some time this summer, myself and my colleague, the Minister of Culture and Youth (Mr. Tchorzewski) might be able to sit down with hockey officials at all levels to discuss what I think is this very serious problem of violence in hockey. Not only violence in hockey, I don't want to single out hockey, but I think the permeating violence in society throughout.

So the time limit I think is basically to the end of the hockey season.

**MR. MALONE:** — Final supplementary question, Mr. Speaker. The Attorney General referred to an incident in Humboldt several years ago. I suggest to him, why did you not at that time sit down with your officials and come to some policy at that time, that could be in effect right now and so we could have avoided incidents like in Regina on Friday and in Saskatoon a few weeks ago?

**MR. ROMANOW:** — I think there is no effective way that you can avoid incidents like Saskatoon or like Regina, even with police officers ringing the entire hockey rink. The only way this can be avoided is if there is a fundamental change in the philosophy of the game, both from ticket sales and from conduct of the sales. As far as I am concerned I did not advocate a policy of police officers sitting in the hockey rinks, because I don't believe that police officers should be sitting in hockey rinks. It was only as a result of this exaggerated incident that prompted this thing for the balance of the season.

**MR. G.H. PENNER (Saskatoon Eastview):** — May I ask a supplementary question, Mr. Speaker, on that?

The incident that you referred to in Saskatoon quite apart from any charges that may be laid, one of the resolutions that came out of Saskatoon city council had to do with the question of a judicial inquiry into the entire matter of violence in sports. Has the Attorney General looked at that and come to any decision with respect to that?

**MR. ROMANOW:** — I am studying the resolution that city council has passed. I have not come to any final conclusion in my own mind and quite frankly have not had an opportunity to get the benefit of the opinions of my Cabinet colleagues. I can tell the Member that at present I'm not favorably disposed to such a resolution, because I think royal commissions are generally, or commissions of any kind generally are of limited value. I think we know some of the symptoms and some of the solutions to alleviating the problems without the need of a royal commission. But I'd like to consider and get the advice of my colleagues before deciding finally.

### **Transfer of 600 Health Department Employees**

**MR. L.W. BIRKBECK (Moosomin):** — Question to the Minister of Health. Is it true that approximately 600 employees of your Department have recently been or will be transferred to other agencies of your Department or to other agencies, branches, corporations or departments of the Government of Saskatchewan, but will retain approximately the same functions and duties?

**MR. ROBBINS:** — Mr. Speaker, I haven't got the answer readily available. I'll take that as notice.

### **Cushioning of Oil Price**

**MR. E.F.A. MERCHANT (Regina Wascana):** — Mr. Speaker, I wonder in light of the fact that the Minister of Mineral Resources has been quoted as saying that Saskatchewan hopes that the cost of oil will rise to \$12 a barrel, if the Government has a plan for cushioning the expense that that will involve for the consumers of oil and gas products in Saskatchewan and whether you will continue the cushioning program that has existed in the past when increases took place in our exports?

**HON. E.C. WHELAN (Minister of Mineral Resources):** — Mr. Speaker, in answer to the Hon. Member's question when I spoke in the House recently I indicated clearly that when we were at the Energy Ministers' conference in Ottawa we requested an increase to \$10 a barrel, not \$12 a barrel. As a matter of fact I quoted the brief that we presented at that time. If this increase should take place, we indicated that we thought that the ten cents that's presently being charged at the pumps should be reduced to take into consideration the increase that would be automatically justified with the increase in crude oil. We think that the Federal Government should take out the ten cents that they are charging at the pumps. This would automatically cover the increase that would be necessary if crude oil was increased to \$10 a barrel.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MERCHANT:** — Supplementary, Mr. Speaker. The minister is quoted in the March 2nd edition of the Winnipeg Free Press as talking about rising to \$12, the words that are used are closer to the world price of almost \$12. Is the Minister saying that by that you mean a rise to \$10, though you are quoted as saying \$12 in the Winnipeg Free Press.

**MR. WHELAN:** — Well, I haven't seen the Winnipeg Free Press and I'm not aware of the material that's being quoted, but I can say again categorically that our position was \$10 and maybe by degrees it should be raised to \$12. After all, Canada is paying the people in the Middle East and Venezuela \$12.50 a barrel. I don't think it's an unreasonable request, but our position was that gradually it should rise to \$12 a barrel, but at Ottawa on this particular occasion it was \$10 per barrel.

**MR. MERCHANT:** — Supplementary, Mr. Speaker. I gather that what the Minister is saying is \$12 some time. When \$12?

**MR. SPEAKER:** — Order, order! I think the Member is pivoting his question around a newspaper article which appeared in a Winnipeg paper which the Minister is not acknowledging at this time and I will take the next question.

**MR. MALONE:** — Supplementary, Mr. Speaker, if I may on the question asked by the Member for Wascana?

I did not see any newspaper articles, Mr. Speaker, so I should like to ask the Minister: what is the Government's policy as to the oil rising to the world level of approximately \$12? Have you set any time limit on when you want that rate to be what we can charge?

**MR. WHELAN:** — No, but we don't set the price, we have to negotiate with Ottawa, Mr. Speaker, and that is a pretty tough proposition.

### **Tendering of SGIO Written-Off Vehicles**

**MR. D.M. HAM (Swift Current):** — Mr. Speaker, a question directed to the Minister responsible for SGIO.

In the light of the Minister's answer on Monday regarding tendering of SGIO written-off vehicles and in light of the potential hazards by allowing these vehicles back on the roads, would the Minister assure this House that this policy will not be followed.

**MR. WHELAN:** — Mr. Speaker, I have no indication that this sort of policy has been indicated anywhere along the line. I have checked it and I found that it is based on rumor and that no instructions have been given. Perhaps if you could give me the specific instance where write-off vehicles have been put up for tender I shall be glad to investigate it.

**MR. HAM:** — Mr. Speaker, would the Minister in any event assure this House that these vehicles will not be considered roadworthy or safe before a proper investigation or safety certification is given?

**MR. WHELAN:** — I think that is a hypothetical question, Mr. Speaker, because we have never indicated at any time that we were going to put them on the road.

### **Briefs on Weight Limits to be Tabled**

**MR. R.H. BAILEY (Rosetown-Elrose):** — Mr. Speaker, I should like to direct a question to the Attorney General, the House Leader.

Due to the amount of questioning from the Minister of Transport, who is not in his seat today, could we have the

assurance of the Government that all briefs from various organizations that have been received in regard to the recently announced weight limits, that they will be tabled in the House for all Members of this Assembly to see.

**MR. ROMANOW:** — Mr. Speaker, I see no problem in acceding to that request of briefs that are made to Cabinet by organizations. These are usually made concurrently public to the press and to the public and accordingly I will ask that the Minister in charge of Transport go through the files and see what can be uncovered there. I want to put a caveat on it, there may be some condition that a particular organization may have put on a brief, which may modify the general remarks that I make.

### **The Election Expenses Act**

**MR. J.G. LANE (Qu'Appelle):** — Mr. Speaker, a question to the Attorney General.

The Attorney General indicated that there will be a possibility in the change in The Election Expenses Act prior to the next provincial election. I understand from the latest Commonwealth that the New Democratic Party is spending approximately \$23,000 to promote the nationalization of the potash industry.

Would the Attorney General give us the assurance that if there are amendments to The Election Expenses Act, that that particular expenditure will remain an expenditure by the New Democratic Party for the next provincial election.

**SOME HON. MEMBERS:** Hear, hear!

**MR. ROMANOW:** — No, Mr. Speaker, I cannot give such an assurance. I think the Member will agree with me that the question is one that will be best dealt with when and if the amendments are introduced. I have indicated that it is our intention to introduce amendments. None have yet surfaced and we will just have to see how time plays it.

**MR. LANE:** — By way of supplementary . . .

**MR. SPEAKER:** — Order, order! That is the conclusion of the Question Period.

### **ANNOUNCEMENT**

#### **Grand Champion Bull**

**MR. J. WIEBE (Morse):** — Mr. Speaker, before the Orders of the Day I wonder if I might beg the indulgence of the House to make a brief announcement.

I am sure that all Members of the Assembly will be happy to learn and join with me in congratulating the MLA for Thunder Creek, Mr. Colin Thatcher, on the occasion last night, when one of the animals which he owned and presented and showed at the Regina Bull Sale last night, won the Reserve Grand Champion Hereford bull.

**SOME HON. MEMBERS:** Hear, hear!

**HON. A.E. BLAKENEY (Premier):** — Mr. Speaker, I want to join with other Members in congratulating the Member for Thunder Creek. I think we have always known that the bull . . .

**SOME HON. MEMBERS:** Hear, hear!

**MR. BLAKENEY:** — . . . the bull of the Member for Thunder Creek was of the highest . . .

**SOME HON. MEMBERS:** Hear, hear!

**MR. BLAKENEY:** — . . . quality and we are glad to have that confirmed.

**SOME HON. MEMBERS:** Hear, hear!

### **WELCOME TO STUDENTS**

**MR. B.M. DYCK (Saskatoon Mayfair):** — By leave, Mr. Speaker, I should like to introduce some students from Rosetown and add my words of welcome to those made by the Member for Rosetown-Elrose (Mr. Bailey). I should like to particularly recognize my niece, Stacey Dyck, who is in the Speaker's Gallery and I hope the students have a worthwhile afternoon in the Legislature here today.

**HON. MEMBERS:** Hear, hear!

### **MOTION FOR COMMITTEE OF FINANCE**

**HON. W.E. SMISHEK (Minister of Finance):** — Mr. Speaker, I have a message from His Honour, the Lieutenant-Governor.

**MR. SPEAKER:** — The Lieutenant-Governor transmits Estimates of Certain Sums Required for the service of the Province for the 12 months ending March 31, 1977, the Supplementary Estimates of Certain Sums Required for the service of the Province for the 12 months ending March 31, 1976, and recommends the same to the Legislative Assembly.

**MR. SMISHEK;**— Mr. Speaker, I move, seconded by the Hon. Member for Saskatoon Riversdale, the Attorney General (Mr. Romanow):

That His Honour's Message, the Estimates and Supplementary Estimates be referred to the Committee of Finance.

Motion agreed to.

### **BUDGET DEBATE**

**HON. W.E. SMISHEK (Minister of Finance):** — Mr. Speaker, it has been a long tradition of the Saskatchewan Legislature during budgetary presentations for the Minister of Finance to wear a unique tie. While the tie that I am wearing today may not appear to be unique, it is one that has a special meaning to me. It belonged to an outstanding

Saskatchewan citizen, a politician, a man who personally set high standards for persons in public office. Perhaps I should say he was a statesman, the late Woodrow S. Lloyd, a former Minister of Education, former Provincial Treasurer and Premier of Saskatchewan.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — The tie was given to me after his untimely death by his wife, Mrs. Vickie Lloyd. Mr. Speaker, perhaps there is something unique about this tie. You will notice it is gold in colour and with a red background, it could be representative of our two key resources in Saskatchewan. Gold like the wheat fields of Saskatchewan and the reddish background could be representative of our other major resource, potash.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Mr. Speaker, if I may add a personal note, some of the MLAs have been congratulating people who are here today. I notice in the Speaker's Gallery a person who is very dear to me, my daughter Kelly who is celebrating her sixteenth birthday today. May I wish her a happy sixteenth birthday.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Mr. Speaker, Budget Days under the CCF and NDP Governments have traditionally been happy days. It's a day that many citizens look forward to. It's a day of new hope and expectation, it's a day when the Government sets its priorities for people and puts them into concrete action. Today is no different, it's another happy day, another day of social and economic progress for the people of Saskatchewan.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Mr. Speaker, it is my privilege to present to you, to the Members of the Legislative Assembly, and to the people of Saskatchewan the fifth Budget of this New Democratic Government.

Mr. Speaker, two imperatives have guided us in the preparation of this Budget. The first is the immediate and urgent need to join the national effort, however halting it may be, in the fight against inflation.

The second, is the longer term but equally urgent need to develop a stable, secure and rewarding economic future for the people of Saskatchewan.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Effective action against inflation demands responsible leadership in applying restraints in which we must all bear our fair share, without penalizing those at the lower end of the economic ladder. Our economic future demands responsible leadership in dedicating our resources to future development which will benefit primarily the people of this province, and not

absentee corporate owners, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Mr. Speaker, this Budget meets the demands for responsible leadership.

Let me first deal with the question of inflation.

I shall not review in any detail the unhappy performance of the Canadian economy in 1975. Let me briefly summarize the facts which, for Canada, underline the urgency of taking action against inflation.

In 1975, the Canadian economy had its worst year in more than 20 years. Real growth in the economy was a mere two-tenths of one per cent.

In 1975, unemployment in Canada increased to more than seven per cent.

In 1975, the consumer price index rose by nearly 11 per cent.

In the face of these facts, the response of the Federal Government has not inspired confidence. In 1974, the Trudeau government was dead set against controls. Last spring they launched an ill-starred voluntary restraint program called "consensus". That program failed utterly.

In the fall came a complete about face. Consensus was out, controls were in. Controls of a sort, that is. We had and continue to have many serious doubts about the fairness and effectiveness of the federal anti-inflation program. I'll return to those doubts more specifically in a moment.

Despite these doubts, our government has given its qualified support to the federal plan and we have agreed to do our part in this province. We have done so for three main reasons.

First, we are convinced that the dangers of uncontrolled inflation are so great that action must be taken.

Secondly, inflation can be tackled effectively only at the national level under federal leadership.

Third, however faulty that federal leadership may be, our course as we see it is to support the intent and to attempt to improve the program and this we have tried to do. The alternative of rejecting the federal effort and going our separate way is neither productive nor consistent with our responsibility as an integral part of Canada.

Let me now turn to the shortcomings of the federal program which concerns us most. Most glaring is the federal failure to control prices in a way which not only is effective but is seen to be effective. We believe that prior approval of the Anti-inflation Board should be required for price increases of certain key commodities such as steel, fertilizer and cement. This would make sure that price increases were fully justified before they were put in place. Further, it would demonstrate

that prices are actually being controlled.

We are convinced that the federal government should levy a general and comprehensive excess profits tax. Effectively applied, it would be a strong mechanism to control prices.

We also cannot accept the lack of effective controls on the incomes of professionals. We have argued that a professional income surtax is the only way to make sure that high income earners are subject to the same rules as those in lower income brackets. The Federal Government, however, has decided to levy a general income surtax which is completely inadequate. For example, for a professional with a spouse and two children having an income of \$35,000 a year, the surtax will amount to just 35 cents. That's simply not good enough.

We have another set of problems with the federal control guidelines which result from the particular circumstances facing Saskatchewan. In Saskatchewan, unlike much of the balance of the country, our economy is working at very nearly full capacity and is continuing to expand. Again, I will forego any detailed economic review, but let me note a few key indicators, Mr. Speaker.

In dollar terms, our Gross Provincial Product in 1975 was \$6.2 billion, 10.7 per cent above 1974.

Our population increased by 18,000 from June 1974 to the end of 1975.

Our labour force increased by 12,000 to 375,000 in 1975.

Our unemployment rate was 2.9 per cent on the average, the lowest in Canada.

And we set a new record in housing starts with 10,250 in 1975.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Mr. Speaker, given this solid rate of growth in our economy, our first concern with the compensation guidelines is that they be flexible enough to permit us to remain competitive in the Prairie Region for key groups of workers. I note particularly the wage differentials that exist — basically because of the timing of contract settlements — for teachers, nurses, construction workers and the provincial public service. In all these instances Saskatchewan workers had fallen well behind their counterparts in Manitoba and Alberta when controls were announced.

We have a second and more general difference of opinion with Ottawa on compensation controls. That relates to the minimum levels of income below which controls do not apply.

Mr. Speaker, Ottawa believes that wage earners earning as little as \$3.50 an hour should not be allowed to exceed the guidelines in any settlement they might reach with their employers. That minimum is simply too low. It is the policy of this Government, and one we have urged and continue to urge on Ottawa, that the minimum must be raised. To do otherwise will mean that once again those who have the least will bear the biggest burden

in the fight against inflation.

Mr. Speaker, I have reviewed our major differences with Ottawa on anti-inflation measures. We want equity and protection for our people and our economy. We are prepared to sign an agreement with Ottawa. However, now that the matter has been referred to the courts, we will naturally be awaiting the decision regarding the constitutionality of such a program before any further steps are taken to sign an agreement. Meanwhile we have taken the action we consider appropriate at this time.

We have enacted rent control legislation, appointed a rentalsman, and tenants and landlords have been informed of their rights and obligations.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — We have set up the Saskatchewan Public Sector Price and Compensation Board, chaired by Judge Ernest Boychuk, to administer the guidelines as they apply to the compensation of provincial and local government employees, including Crown corporations, schools and hospitals and to public sector prices, fees and charges.

And in this Budget, Mr. Speaker, we tackle head-on the question of restraint in public spending. The results as you will see reflect a level of responsible restraint not matched at the federal level based on the Estimates recently tabled in the House of Commons.

Now, one might naturally expect that the Government's efforts to control spending would receive unqualified support from the benches opposite. After all, both Opposition parties pay lip service to the need for restraint to combat inflation. But, Mr. Speaker, actions speak louder than words. Let us look at the record of the Opposition Members and see how sincere they are in their pleas for reduced spending.

During the last session of this House, more than 25 resolutions were put on the Order Paper by Opposition Members. They were wide-ranging resolutions covering topics as diverse as Crown corporations, elevator abandonment, the court system, the potash industry, nursing homes and fishing camps in northern Saskatchewan. They dealt with the Automobile Accident Insurance Act benefits, financial relationships with municipalities and the licensing of farm trucks. They urged repeal of The Gift Tax Act, repeal of Bill 42 and repeal of certain sections of The Proceedings Against the Crown Act.

Mr. Speaker, these were not resolutions designed to attack the problem of inflation. Nor were they designed to curb government spending. No, Mr. Speaker, the cumulative effect of these resolutions would have imposed on the taxpayers of Saskatchewan an additional burden of \$300-\$400 million.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Despite the hypocrisy of these cries for more programs yet less spending, this Government has taken a close look at program operations and has been able to effect some economies.

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If we compare the revised level of expenditure for the current year with the proposed budget for 1976-77, the increase is \$134 million or 11 per cent. That same level of service could be provided with a modest 11 per cent increase is remarkable. This is simply equivalent to the increase in the consumer price index in the past year. But, as the Budget will reveal, this was achieved not by an arbitrary, across-the-board slash, but by selective, if stringent, reductions made with care.

There were areas where increases could not be held to 11 per cent without shifting the burden of rising costs to local ratepayers or students. I refer to:

School Grants — up \$28 million or 20 per cent.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Health Budget — up \$69 million or 25 per cent.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Universities — up \$8 million or 14 per cent.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — There were programs which had to be enriched to regain a necessary level of service:

Capital Grants to Schools — up \$3.6 million or 41 per cent.

Highways — up \$20.6 million or 20 per cent.

Universities — Capital — up \$9.9 million or 165 per cent.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — when you eliminate the areas where increases could not be held to 11 per cent, the projected increase in all other segments of the budget is eight per cent. How was this accomplished at a time when salary settlements are well in excess of eight per cent and when new programs are being added in essential areas such as rent control, transportation and housing?

By selective cuts that will induce greater productivity in the public service; by cutting back the personnel establishment of departments to levels below 1975-76; and

By introducing economies into every aspect of our spending program.

This, Mr. Speaker, is responsible restraint.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — The kind that sets an example for others to follow. It will allow economic growth to continue and our high levels of employment to be maintained.

I have already referred to the failure of the Federal Government to deal effectively with professional incomes. We cannot support a system of controls that imposes a burden on low and middle income workers while those at the upper end of the scale are untouched. Later in this address I will be announcing a tax measure which will strengthen the federal income surtax and will ensure that high income earners in Saskatchewan contribute their share to the anti-inflation effort.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Mr. Speaker, we are doing our part to make this national effort a success. Inflation attacks the living standards of those on low and fixed incomes. It erodes the value of savings. It reduces the value of pensions for those who have retired or are about to retire. It creates economic and social chaos. It adds uncertainty to the present and compounds the problem of planning for the future. In the best interest of the people of this province and of this country, inflation must be controlled.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — While we continue to urge the Federal Government to make its program more effective and more equitable, we have not hesitated to take those steps which we are convinced are required to meet this challenge.

At the outset, Mr. Speaker, I referred to two imperatives which shape this Budget. I have dealt with the first — inflation. Let me turn now to the second: our need to develop a stable, secure and rewarding economic future for the people of Saskatchewan.

This is not a new objective. It is not exclusive to this Government. What I believe to be new and exclusive to this Government is our commitment to long-range planning to achieve that objective.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — We recognize that many persons in today's society are forced to live from payday to payday but it is certainly irresponsible for governments to adopt that attitude and to live from budget to budget as though each fiscal year were an end in itself.

Those of you who may have followed the budget presentations in the past four years will have noticed that they followed a common theme. Last year the Hon. Wes Robbins traced this theme from its beginnings in 1972 when Premier Allan Blakeney set forth the priorities, through 1973 and 1974 when the orderly and balanced development of the program was articulated, to 1975 which represented the fulfillment of that aspect of our program.

Mr. Speaker, that was Phase One in the New Democratic Party's plan of action to work with the people of Saskatchewan to achieve a stable, secure and rewarding economic future. We are now embarking on Phase Two of that plan.

**SOME HON. MEMBERS:** Hear, hear!

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**MR. SMISHEK:** — The commitment of this administration is to a plan of action — not just for this year, not just for this term of office — but to action which will ensure for future generations the right to manage and control their destinies.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Nowhere is this commitment to planning more evident than in the management of the finances of this province. The 1974-75 Public Accounts which were tabled earlier this year show budgetary cash inflows of \$989.2 million and budgetary cash outflows of \$965.9 million. This resulted in a net cash increase of \$23.3 million on our 1974-75 budgetary transactions, bringing the cumulative cash carry-forward to \$88.6 million at March 31, 1975.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — In addition, Mr. Speaker, \$179 million in oil revenues was deposited in the Energy and Resource Development Fund.

Mr. Speaker, this is sound financial management.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — We have recognized the need to build up a cash reserve during a period of economic prosperity and we have done so.

We have also recognized the importance of developing our resources for the future and have placed these additional oil revenues in a special fund for this purpose.

In the budget presented one year ago, budgetary cash inflows were estimated at \$1,143.7 million and budgetary cash outflows at \$1,140.6 million. Further estimates raised the estimated cash outflows to \$1,148.8 million.

We currently estimate that budgetary expenditures will reach \$1,195 million, an increase of about four per cent over the original estimate. Budgetary revenues are now expected to reach \$1,196.5 million.

We expect Education and Health Tax receipts to exceed the estimated level by \$9 million, reflecting a relatively high level of capital construction and a modest increase in retail sales.

Individual and corporate income tax receipts will likely exceed the estimate level by \$44 million.

On the other hand, mineral resource revenues are expected to fall \$46 million below the estimate, due to the large amount of unpaid potash taxes and a decline in oil production. As of March 1, 1976 the potash companies have failed to pay about \$30 million due in taxes, according to our calculations. If the present situation regarding potash taxes continues, we could experience a budgetary deficit in the current fiscal year.

Mr. Speaker, there are many elements to be considered in

evaluating the financial record and position of a government. Among these, debt structure is considered to be one of the most important — not only the amount of debt outstanding but the purpose for which it was incurred.

Over the past 20 years, 18 annual budgets have been balanced. Only in two years did we experience small deficits.

At the same time, successive governments in this province have included as current budgetary expenditures such standard capital items as highways, public buildings, agricultural facilities and park development. This meant that we have traditionally financed major capital expenditures out of current revenues. In part because of this, the most recent figures available show that Saskatchewan's per capita debt, including the debt of Crown corporations and agencies, is the lowest of any provincial government in Canada.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Moreover, Mr. Speaker, 95 per cent of our funded debt has been borrowed to finance self-liquidating public enterprises such as the Saskatchewan Power Corporation and Sask Tel.

Saskatchewan's financial position has been strong for many years — a fact that has not gone unnoticed by bond purchasers in Canada. The credit rating of the province is excellent as reflected in the lower cost of money to Saskatchewan compared to all but two of the other nine provinces. Our sinking fund policy has also improved the marketability of our Saskatchewan bonds.

Although our capital needs in the past have been relatively modest, they have been increasing because of active development in new areas and cost increases due to inflation. In 1973-74 we borrowed \$80.4 million compared to \$130.4 million in 1974-75. To date in the current fiscal year we have borrowed \$213 million, the major portion of which was for power and telecommunications. This includes a recent \$75 million issue which will be finalized on April 1.

Mr. Speaker, because of the sound policies that have characterized the management of this province's finances, we are now in a position to exert some influence on the development of our resources to ensure that the benefits accrue to the owners of the resources — the people of Saskatchewan.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Mr. Speaker, because this is such an important issue both for the people of this province and their children, I will briefly review our policies in resource development.

Concern about unplanned exploitation of resources is not unique to Saskatchewan nor to the New Democratic Party Government. Governments of all political persuasions in all parts of the world have been rethinking their resource policies. The cornerstone of this Government's resource development policy is the right of the people of Saskatchewan to receive their fair share of benefits . . .

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — . . . from the development of their resources. This policy can further be defined to include:

An adequate level of returns to the people of this province as owners of the resources;

Maximum employment opportunities for Saskatchewan workers;

Distribution of economic activity more evenly across the province;

Conservation of scarce resources for future generations; and

Orderly development over the long term so that resources play their full part in securing Saskatchewan's economic future.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Mr. Speaker, today we recognize the need for sound conservation policies to protect the interests of future generations. There are limits to economic growth and our natural resources are not limitless.

There is also a growing awareness of the importance of environmental considerations and we have made significant progress in developing a broadly-based environmental protection program.

The question of returns to the public for the exploitation of resources has assumed even greater importance in view of spectacular increases in the price of some mineral commodities in the past two years. It has been our policy to secure for the public the economic rent from the increase in resource values, together with a reasonable proportion of ordinary revenues.

We fully recognize that private capital invested in Saskatchewan must have a reasonable opportunity to earn an adequate rate of return on investment. But we do not accept the proposition that private entrepreneurs should be the sole beneficiaries of higher prices for mineral commodities.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — When the value of mineral resources increases, the increased value attaches to the mineral in the ground. Therefore, the major share of the increase should accrue to those who own the mineral in place and not to those who have a lease to remove it.

On this basis we enacted Bill 42 to make sure that a major share of the increase in the value of oil would come to the province. The Federal Government intervened with a tax change that disallowed the deductibility of royalties from taxable income.

We have now reviewed our royalty program and made adjustments to correct some anomalies in existing royalty structures and to take into account federal taxation policies. In this process, the oil industry co-operated with us in reviewing royalty schedules and structures to arrive at an acceptable program. Oil companies disclosed financial information to us

for purposes of analyzing the royalty structure. The result has been a royalty structure acceptable to the industry and to the Government.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — A similar process is taking place in uranium. Royalty proposals have been discussed in detail with the industry and a useful dialogue has taken place. I am confident that we will achieve a royalty structure which will be acceptable to the Government and to present and potential uranium producers.

In potash the story is different. After a period of 12 years in production, the potash industry has extracted \$1,650 million in potash but had paid only \$170 million in royalties and other revenues to the province. A mere 10 per cent.

We have attempted to work out a revised tax structure in consultation with the potash industry. The stand taken by the industry is well-known. Not only has the industry withheld financial information but it has also withheld taxes owing to the province; it has withheld reports on potash production, has indicated its intention to fight every attempt by this Government to collect a fair share of the potash values for the people of Saskatchewan and has declined to expand production.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Mr. Speaker, it was this impasse which demanded decisive action by the Government. We therefore moved to repatriate control of the potash industry and to reclaim our heritage. We are proceeding along this course.

Mr. Speaker, the wisdom of this Government's potash policy will not be proved or disproved by the narrow defenders of corporate power who sit opposite. It will be proved by the real and tangible benefits which it will bring to all the people of Saskatchewan in the decades ahead.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Mr. Speaker, I have dealt at some length with what I have termed two imperatives which shape this Budget:

- an effective response to the urgent need to control inflation
- responsible fiscal and resource management consistent with our opportunities for future economic development.

It follows that this is not an expansionary budget. Every expenditure proposal has been examined and re-examined to concentrate on what is necessary and eliminate that which is not. But, while it is not an expansionary budget, neither is this a budget of retrenchment. Restraint, yes, Austerity, no. An examination of our key budgetary proposals will demonstrate this fact.

Let me turn first to our most important industry — agriculture.

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From 1971 to 1975, we introduced programs to help meet the cost-price squeeze. We encouraged diversification to provide greater stability. These efforts combined with the rise in grain prices have paid off. In 1975 the net farm income exceeded \$17,000 per farm, up from the 1970 level of just over \$3,000. But farmers continue to be threatened with income instability.

In 1974 when the price of feeder cattle plummeted and cow-calf operators were experiencing cashflow problems, we introduced the Cow-Calf Cash Advance Program. In 1975, the second year of the program, more than 14,000 farmers took advantage of the program, borrowing some \$42 million. The situation is beginning to improve somewhat; feed prices are lower and cattle prices are expected to rise in the fall of 1976. Because of this improvement, we anticipate that no further advances under this program will be necessary.

Through FarmStart we are providing grants and low interest loans to beginning farmers. In the coming year 800 loans will be made available.

Mr. Speaker, as promised in New Deal '75, we are initiating a program to assist in the construction of locally-owned co-operative seed cleaning plants. Next year we will provide \$300,000 to help build new plants.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — We will continue to work with the Federal Government to establish a comprehensive farm income stabilization program. To demonstrate our commitment to the development of income stabilization plans, \$1 million will be provided in the Estimates.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Mr. Speaker, this Government recognizes the need to maintain levels of service and to improve the quality of life in all urban centres in Saskatchewan.

- to make smaller Saskatchewan communities attractive and well developed places in which to live;
- to ensure that people have a choice of life style with reasonable levels of amenities; and
- to improve the quality of life in our larger centres.

In our first term, provincial aid to municipalities increased by more than 1,600 per cent compared to 1971.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — The next four years will see the consolidation and improvement of this assistance.

What does this mean for 1976-77? First, grants for police services will be increased by more than \$1 million to reflect increased costs. Second, we will provide greatly enriched loans to our industrial towns. \$1 million will be

available in 1976-77 to help these centres meet the demands of their growth. Third, to ease the burdens of property taxpayers, the Property Improvement Grant Program will be continued at an estimated cost of \$42.5 million.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — To maintain and improve the type of life in Saskatchewan's smaller communities, two new programs will be introduced in 1976-77.

The Rural Community Business Retention Program is designed to preserve viable retail services in small rural communities. The program which will be operated by the Department of Industry and Commerce and supported by SEDCO, will simplify the transfer of owner-managed businesses on the retirement of the owner.

You will be asked to provide funds for a Mainstreet Program to assist communities on a cost-shared basis to modernize their business districts. This program will be offered to towns with a population of 2,000 or less.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — In response to urban problems and the need to revitalize older residential areas of our cities and our towns, over \$1 million will be appropriated for the Neighborhood Improvement Program for use in 29 designated centres.

Major provincial office facilities are being developed or planned in Regina, Saskatoon and Prince Albert and Swift Current to assist in strengthening the downtown cores of those cities.

Mr. Speaker, although Saskatchewan is still basically rural, two-thirds of our population now lives in urban centres. In the last four years we introduced major increases in urban financial assistance — the \$20 per capita unconditional grant, expanded grants for police services, equalization grants, greater assistance for sewer and water, major new housing programs and the \$75 per capita Community Capital Fund.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Mr. Speaker, the safe and efficient movement of people and goods is vital to the economic and social development of this province. It depends to a considerable extent upon the well-designed, well-maintained highway system. For the coming year we have budgeted \$59 million for capital construction and upgrading of the southern highway facilities. This will include improvements on the major interprovincial connectors, substantial upgrading of the highways that serve local and regional needs, and work on other projects like industrial access and timber haul roads.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — We have budgeted \$13 million for northern provincial highways. Major improvements will be made to each of the three main

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routes into the North. In particular, Mr. Speaker, I am pleased to announce that this summer's construction season will see the completion of all paving between Prince Albert and that important northern centre of La Ronge.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — In addition to these expanded construction programs, \$35 million will be provided for highway maintenance.

Mr. Speaker, I am pleased to announce, the successful completion of the market road grid system launched just 20 years ago by the CCF government. This basic rural network now consists of more than 16,000 miles of all-weather gravel roads serving the transportation needs of rural Saskatchewan.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Progress continues on the main farm access system. This year will see the construction of over 1,100 miles of main farm access roads. Included in the more than \$20 million budget for the Municipal Road Assistance Authority is \$1 million for the super-grid program.

Our transportation system of course includes more than highways and rural roads. In 1976-77 we will provide almost \$9 million in urban transportation assistance, and another \$3.5 million in air transportation projects.

We will also promote safety on our streets and on our highways. It is estimated that if all motorists used seat belts, as many as 100 lives could be saved in this province in one year. In 1976-77 we will participate with the Federal Government in a public education campaign promoting the use of seat belts.

We are setting up the Saskatchewan Transportation Agency to provide leadership in solving the transportation problems facing this province. Of primary concern are the related questions of freight rates and rail line abandonment.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Mr. Speaker, one of this Government's greatest achievements has been the economic and social development of the northern half of the province. The people who live in the North have placed their faith in this Government and in its programs.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Mr. Speaker, what did we find in the North when we came into office? A neglected education system, massive reliance on social assistance and no effective program of community development. Let me take a moment to review what has been accomplished in four years.

In northern education we have made great progress. In 1970-71 the former administration provided just over \$2 million in operating grants to northern schools. This year, Mr. Speaker, we have budgeted more than \$6.5 million for this purpose.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Capital construction of education facilities will require almost \$6 million compared to a total of \$1 million in 1970-71.

Reliance on social assistance in the North has declined, Mr. Speaker, dramatically. In 1973-74 we spent \$3.9 million on Saskatchewan Assistance Plan payments in the North. This was a legacy from our predecessors who were Liberal only in their tolerance for unemployment.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Within a year we reduced this to just over \$2 million. We expect 1975-76 expenditures to be less, even though benefits have been increased substantially. In the next fiscal year we will ask this Legislature to approve \$1.8 million for this purpose. A dramatic reduction. Mr. Speaker, this represents a drop of about 43 per cent in our Saskatchewan Assistance Plan caseload in the North since 1973.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Equally noteworthy are our achievements in community improvements. By the end of March almost 400 public housing units will have been completed in the North. Next fiscal year we shall make a start on a further 165.

Sewer and water systems have been constructed at Weyakwin, Buffalo Narrows, La Loche, Sandy Bay and Cumberland House. Disposal systems for Green Lake and Ile-a-la-Crosse have been improved and major new construction is planned in La Ronge.

Mr. Speaker, I could go on to mention roads, airfields, health centres, our dental program, community college development and many other areas of outstanding success. We invite comparison between our achievements and those of any other province or territory in Canada.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Mr. Speaker, I want to turn now to our programs in health, education and other services to people.

The federal Government's proposed cutbacks in medical and hospital funding are threatening the provision of health services in Canada. Many provinces are being forced to close hospitals and reduce available hospital beds to the people. The challenge is how to exercise fiscal restraint while continuing to deliver the high quality of health care expected by the people of Saskatchewan. Many of our new programs will be strengthened to meet the needs of the public. These include the Saskatchewan Hearing Aid Plan, Saskatchewan Aids to Independent Living (SAIL), and the Saskatchewan Dental Plan.

The Saskatchewan Prescription Drug Plan, which has already earned widespread acclaim for its provision of high-quality low-cost prescription drugs, will enter its first full year of

operation. Although responsible restraint will be exercised in the hospital sector, necessary major improvements will go forward. For example, the Government will spend approximately \$11 million in 1976-77 for further construction at the University Hospital in Saskatoon. When completed, this project will dramatically improve delivery of hospital services in Saskatoon and northern Saskatchewan.

In Regina, \$1 million will be spent in the coming year to complete detailed planning for renovation of the Regina General and Pasqua hospitals.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Mr. Speaker, a neonatal unit to be established at the Regina General Hospital will become a referral centre for the high-risk newborns in the southern half of the province, complementing the unit at the University Hospital which will serve the northern half.

In 1976-77 health services for senior citizens will be expanded at both the community and hospital levels. Additional chiropodists will be hired to treat the foot problems of the elderly. A new geriatrician bursary program is being set up to train highly-qualified physicians in the health care of our elderly. Additional nursing staff will be hired to visit the elderly and handicapped in their communities to assist in their rehabilitation and the use of mobility aids. Mr. Speaker, I am proud to announce that the Health budget for Saskatchewan for 1976-77 continues the tradition of superior health care for the people of this province.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Mr. Speaker, in social services we are seeking to provide maximum relief to those in the greatest need. We are concerned about the rapid increase in the cost of institutional care, particularly in the case of special care homes. So that we may reassess this situation, we are searching for economies in the present system, and examining alternatives to institutional care. Meanwhile, residents in special care homes are faced again with rising costs. To meet this problem we will increase the subsidies paid to residents of special care homes to about \$4 per day for Level II and \$12 per day for Level III.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Since its introduction in 1974, the Family Income Plan has provided benefits to well over 21,000 families per month. This year the basic income exemption level will be increased to \$5,550 per annum, making benefits more accessible to low income families. New eligibility criteria will eliminate from the program those with substantial assets.

Mr. Speaker, the caseload of the Saskatchewan Assistance Plan has maintained a steady decline. From September, 1973 to September 1975, the caseload decreased by 19 per cent, while the number of persons receiving assistance decreased by a dramatic 35 per cent over the same period.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Mr. Speaker, this trend reflects the success of the employment support programs and improved employment opportunities in Saskatchewan. However, the Federal Government's decision to discontinue LIP and other programs may reduce the number of employed in the province. For those persons who do require assistance. Mr. Speaker, support levels have been increased to reflect the increase in the costs of food and shelter.

Mr. Speaker, I would now like to turn to the Day Care Program. The past two years' experience with day care has reflected the inadequacy of the existing level of funding. As a result, day care centres have had great difficulty in meeting operating costs through fees. In the coming year we will increase start-up grants by 100 per cent. Existing day care centres will receive a one-time only \$100 per space grant in 1976-77 to relieve their financial situation.

In order to provide greater relief for the parents requiring assistance, the maximum day care subsidy will be raised to \$100 per month.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Other changes in income definition and exemption levels will make day care subsidies available to more families. Once again, Mr. Speaker, Saskatchewan maintains its leadership in providing services to people.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — In 1974, Premier Blakeney announced the establishment of a matching grant for international aid. Mr. Speaker, in this Budget we have provided \$1.25 million for this worthy program.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Mr. Speaker, I would like to turn now to a question the Government considers of fundamental importance, that is the status of women in Saskatchewan.

Although International Women's Year has drawn to a close, we reaffirm our commitment to the principle of equal treatment of men and women, of equal opportunity, of equal pay.

We have established within the Department of Finance a Career Development Office whose primary function will be to develop programs to enhance the position of women in the Saskatchewan Public Service and Crown corporations.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Special attention will be given to career counselling and training programs to upgrade the skills of women already employed in the government and to attract women to senior government positions. This office will co-operate closely with the Public Service Commission and Crown agencies.

In addition, we are establishing within the Department of Labour a new Women's Division to research, educate and inform and to investigate matters related to women in the workforce. It will replace the existing Women's Bureau and will provide services to the government and the private sector. Mr. Speaker, practical effect to the principles of equal social justice for all. We invite all citizens of Saskatchewan to join with us in this worthwhile effort.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Mr. Speaker, we are proud of our record in education.

In this Budget we reaffirm our commitment to providing the level of support necessary to create a wide range of educational opportunities for all Saskatchewan children.

In 1976-77, operating grants to schools will increase by \$27.8 million. This means we will pick up almost 70 per cent of the annual increase in school costs. In total we will continue to pay 58 per cent of school board operating expenses directly through provincial operating grants. We are budgeting \$11.9 million for capital grants to enable expanding school districts to build new schools and to enable smaller schools to build new facilities.

Mr. Speaker, operating grants to the universities have grown from under \$36 million in 1972-73 to \$56 million last year. This has been a period of growth and improvement in the university sector in contrast to the confrontation which occurred under the previous administration.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — In establishing an operating grant for 1976-77, we have concluded that the university sector, like the rest of the economy, must now be expected to enter a period of some consolidation. Accordingly, provincial funds are being provided at a level sufficient to maintain current programming levels. The operating grant for 1976-77 is \$64 million, a 14 per cent increase over the previous year.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — This level of grant will enable the universities to continue to provide quality education within the context of the need for overall fiscal restraint.

At the same time, Mr. Speaker, the government has recognized the need for university capital improvements. The capital grant for 1976-77 is nearly \$16 million. This will, however, enable the universities to proceed only with high priority construction and renovations.

Mr. Speaker, Saskatchewan has a progressive library system which services the needs of all residents in the province. I am pleased to announce that grants to regional and municipal libraries will be increased by 25 per cent in the coming year.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Mr. Speaker, I am proud to announce major new initiatives in the area of housing. Since 1973 we have introduced a provincial Housing Corporation and a large number of housing programs. Three new programs will be introduced this year.

There will be a substantial new emphasis on the assembly and development of land for residential purposes. Expenditures for this program will almost triple, from \$4.55 million in 1975-76 to over \$12 million. A further \$23 million will be committed to help our towns and cities assemble and service land for the use in the next three years.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Land prices have increased sharply, particularly in Regina and Saskatoon. The growth of our economy has created enormous pressures on urban housing supply. The expanded Land Assembly and Development program is aimed at the root of the problem, the shortage of serviced lots.

This program will be administered in partnership with local governments. We will give them an opportunity to determine the shape and the form of their future development and their future growth. It will have the added benefit of enabling small contractors to share in the high level of construction activity anticipated in the years ahead.

Mr. Speaker, I am pleased to announce an \$18 million program of loans for the construction of 600 units of nonprofit housing in Saskatchewan over the next two or three years.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — This program will bring together many groups in a joint effort to provide good housing at reasonable costs.

Our third new initiative is in the area of Co-operative Housing. Saskatchewan has a proud history and long experience in co-operatives. Through this program we will apply that history and that experience in meeting the current needs in the housing area. In addition to the successful Building Co-operatives Program, we will expand to at least 350 units in 1976-77 and we are establishing a program for other co-operative groups to develop the organization, find the financing and learn the techniques they need to form successful housing co-operatives.

The Rural and Native Program will expand to 250 units, while it is estimated that some 1,000 grants will be made available for rehabilitation of existing housing.

Mr. Speaker, in 1970, in this province, we had no housing program. The housing construction was in its most serious slump in decades. In less than five years this Government has put in place one of the most effective provincial housing programs in all of Canada.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Mr. Speaker, just look at the figures. In 1970, a disgraceful 1,700 housing starts over a full 12 month period. Last year, a record of 10,250 starts — six times as many.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — In housing, Mr. Speaker, we are proud of our record.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Mr. Speaker, I turn now to consideration of our tax policies.

Last year we provided personal income tax reductions of \$100 for each taxpayer in Saskatchewan. I am pleased to announce that this progressive tax cut will be repeated again for 1976.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — This will mean a saving to the taxpayers of Saskatchewan of \$32 million.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — In December the Federal Government announced a temporary 10 per cent income surtax for 1976 on high-income Canadians. Saskatchewan had pressed the Federal Government to levy a tax on excessive increases in professional income as an essential component of the Anti-inflation Program. In our view the surtax does not go far enough. It only affects those with taxable incomes over \$30,000. For a taxpayer claiming a spouse and two children, earning \$40,000, the surtax is less than \$200, Mr. Speaker.

Mr. Speaker, government restraint, such as the freezing of federal family allowance payments, will hit the low and middle income Canadians the hardest. Wage earners across Canada are being told to make sacrifices by restricting their demands for increased incomes. The feeble federal income surtax simply does not balance the sacrifice being demanded of the general majority of Canadians.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Mr. Speaker, for this reason, we will introduce a provincial income surtax to supplement the federal measure. The surtax will amount to 10 per cent of provincial income tax in excess of \$1,500. For a taxpayer with a spouse and two children, the surtax will affect those whose income is more than \$21,185. The provincial surtax will equal \$100 income tax cut at an income level of \$28,600; above this level the surtax will exceed the tax cut.

For instance, at an income of \$50,000 the surtax will be \$422. With the 1975 tax cut, the net tax increase will be only \$322. Mr. Speaker, this surtax, coupled with the \$100 tax cut, will give Saskatchewan one of the most progressive provincial

income tax structures in Canada. Our income tax rate continues to be 40 per cent of basic federal tax but after the effects of the surtax and the tax cut are considered, the picture is quite different.

For a taxpayer, with an income of \$7,000, claiming a spouse and two children, the effective provincial tax rate is only 6.4 per cent of the basic federal tax; at \$10,000, the effective rate is 28.9 per cent; at \$20,000, the effective rate is 37 per cent and at \$50,000, the effective rate is 42.3 per cent.

We expect this surtax to yield an additional \$4 million for 1976 taxation year. Mr. Speaker, inflation is the central focus of this Budget, and rightly so. I will now review the steps taken by this Government over the past four and one-half years to reduce the impact of inflation on those whom it hurts the most, because of the low-income earners, the elderly or those on fixed incomes.

We eliminated the hospital and medical care premiums at a saving to each family of \$72 a year . . .

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — . . . an \$18.5 million tax cut. We increased Property Improvement Grants by \$130 over the old Homeowner Grant for urban residents.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — The increase for farmers is higher at \$260. This year, Property Improvement Grants will return \$42.5 million to the taxpayers.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — We launched the Family Income Plan to assist low-income working families with children, at a cost of \$21 million in the current year.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — We introduced unconditional per capita grants to municipalities, representing property tax savings of \$80 a year for the average family. Add to this: Senior Citizens Home Repair grants, House Building Assistance grants for families of low and middle income, the Hearing Aid Plan, the Prescription Drug Plan and SAIL and you have a package of benefits which have eased the burden of rising prices for those at the lower end of the economic ladder in a practical and effective way.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Because inflation strikes hardest at those on low or fixed incomes, we have provided supplementary benefits to former employees whose pensions are being eroded by rising costs.

Mr. Speaker, our performance in reducing the impact of

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inflation on those least able to raise their incomes is unmatched in Canada. Two tables that appear in the printed Speech certainly illustrate the benefits provided to persons on lower and fixed incomes.

Mr. Speaker, let me now turn to other areas of tax policy.

In 1974 the Federal Government disallowed the deduction of provincial royalties as a business expense in the calculation of corporate income tax. The Government of Saskatchewan viewed this action as a direct challenge to provincial ownership and control of natural resources. It was a clear case of double taxation which caused considerable hardship to the resource industry in Saskatchewan.

To lessen the financial burden of the non-deductibility of provincial royalties, this Government announced major changes to simplify and reduce provincial royalties on oil. In addition, the Saskatchewan Royalty Tax Rebate was established to ensure that royalties will continue to be deductible for provincial income tax purposes.

In its June 1975 Budget, the Federal Government partially altered its policy towards royalties for corporate income tax purposes. In the 1976 taxation year, resource companies will be permitted to claim a resource allowance. This allowance is equal to 25 per cent of net income after operating costs and capital cost allowance.

Amendments will be introduced later in this Session to ensure that the Saskatchewan Royalty Tax Rebate continues to approximate the situation that would have existed if provincial royalties were fully deductible for corporate income tax purposes.

In 1974 following the federal-provincial oil agreement, the well-head price of oil increased to \$6.50 per barrel. This resulted in an increase of approximately seven cents a gallon in the retail price of gasoline. We acted to cushion Saskatchewan consumers from the increase by reducing the tax on gasoline and diesel fuel by seven cents and five cents respectively.

Since that time the costs of constructing and maintaining our highway system have escalated enormously. To ensure that road users bear a fair share of these higher costs, the gasoline tax will be increased by three cents per gallon and the tax on diesel fuel will be increased by five cents per gallon effective midnight tonight. The greater increase in the diesel fuel tax will widen the differential between the two rates so that diesel fuel users will pay about the same rate of tax per mile as gasoline users.

Higher gasoline prices will encourage conservation of this depleting resource. Notwithstanding this tax increase, Saskatchewan will continue to have the second lowest gas tax rate in Canada.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — This tax change will yield approximately \$11.6 million in additional revenue in the coming fiscal year.

Saskatchewan's tobacco tax rate is also the second lowest in Canada, one cent higher than the rate prevailing in British Columbia and Alberta. In fact, our current rate is about one-third of that in Newfoundland.

Effective midnight tonight, the tax on cigarettes will be increased by six cents, from nine cents to 15 cents per package of 25 cigarettes. The current tax rates on tobacco and cigars will remain unchanged. It is estimated that the increased tobacco tax will yield an additional \$4.8 million in 1976-77.

Mr. Speaker, later in this Session we will introduce amendments to The Gift Tax Act to extend the once-in-a-lifetime gift exemption to small businesses. The exemption will be retroactive to January 1, 1976.

Mr. Speaker, I shall now summarize our revenue structure and fiscal position for 1976-77.

We expect the education and health tax receipts to reach \$172 million in the coming year.

Higher taxes for gasoline and diesel fuel will raise gasoline tax receipts to an estimated \$61.1 million.

For 1976-77 individual income tax receipts are expected to reach \$256.4 million, an increase of \$54 million over the anticipated 1975-76. Corporate income tax receipts based on a continued deductibility of royalties as an income tax expense are estimated at \$43.6 million.

Petroleum and natural gas revenues are estimated at \$61.4 million, while a further \$140 — \$170 million will be deposited in the Energy and Resource Development Fund. Any further restrictions by the National Energy Board on Saskatchewan exports of crude oil to the United States could reduce these revenue estimates.

We maintain that the current level of potash tax in Saskatchewan is both fair and reasonable.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Mr. Speaker, revenues from this source for 1976-77 are estimated at \$118.2 million.

Equalization receipts including adjustments for prior years are expected to reach \$91.5 million, while revenue guarantee payments are expected to raise to \$30.4 million. Total receipts from other governments are estimated at \$369.6 million, an increase of \$36.9 million over anticipated level of last year.

Receipts from government enterprises and from other funds, including the Saskatchewan Liquor Board, Saskatchewan Telecommunications, Sask Power are expected to increase to \$111 million.

Mr. Speaker, I will now summarize our fiscal position for 1976-77.

We anticipate budgetary cash inflows to reach \$1,330.2 million. Budgetary expenditures are estimated at \$1,328.2 million, an increase of 11 per cent over our revised 1975-76

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estimate. As a result, we anticipate a nominal cash carry-forward of \$2 million. The cumulative cash carry-forward at the end of 1976-77 is expected to reach \$92.1 million.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — That, Mr. Speaker, is our Budget for the year 1976-77.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — I predict that some Hon. Members will oppose it. I can also predict that they will oppose it on three grounds, Mr. Speaker, namely that taxes are too high, that the level of services to be provided is too low, and that the restraint on spending is insufficient. That it is completely illogical to mount all of these criticisms simultaneously will not particularly trouble them, Mr. Speaker. But the lack of consistency in their arguments will not be overlooked by the people of Saskatchewan.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Mr. Speaker, a budget is not simply an accounting exercise, it is the financial expression of a plan. That plan must provide leadership not only in meeting of the needs of today but also in anticipating the needs of tomorrow.

The real test of a budget is how adequately it faces the challenge of long-term needs and external economic factors over which we have little control.

Mr. Speaker, this Budget meets the test of time, this Budget is a responsible budget, it is a test of responsible leadership.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — It meets the needs of restraint in public spending to help control inflation. Not by arbitrarily closing hospitals and ending essential services, nor by preaching restraint while allowing expenditures to go almost unchecked.

This Budget, as I described it earlier, is a budget of restraint, but not of austerity. It provides for the maintenance of the present services and for a careful extension of key new programs.

This is responsible leadership.

This Budget reaffirms our confidence in the social and economic future of this province, a future which is based on sound policies of financial and resource management, dedicated to the interests of the people of Saskatchewan.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SMISHEK:** — Mr. Speaker, I now move, seconded by my seatmate, the Minister of Northern, Saskatchewan (Mr. Bowerman) that this

Assembly do now resolve itself into Committee of Finance.

**SOME HON. MEMBERS:** Hear, hear!

**MR. C. P. MacDONALD (Indian Head-Wolseley):** — Well, Mr. Speaker, I would suppose it is normal on Budget Day to extend congratulations to the Minister of Finance. When I was thinking about how I would go about doing this, on Monday, there was a little demonstration at the Legislative Buildings and I went outside and I found a sign. It said, "Smishek for the Senate". I want to tell my seatmate that I had thought he had first priority and it's tough luck old buddy, but then I got around the other side and I found another sign and it said, "Abolish the Senate". Well I'm going to tell the Minister of Finance, that he shouldn't go to the Senate, he better go to confession.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MacDONALD:** — Because, Mr. Speaker, I think he owes this House and the people of Saskatchewan an explanation. I think this Budget is a deceitful budget and I want to tell you why.

I would like to ask everyone to turn to the last page of the Budget Address where he said, an increase of 11 per cent over our 1975 revised budget. I should like to ask you to turn back to page ten. What are the supplementary estimates, Mr. Speaker? Five point three million for flood disaster, \$1.5 million for the Election Act, \$1 million for additional facilities in the North and so on. None of them are regular budgetary expenditures of any department other than the \$23 million for health and that plays a pretty significant role, Mr. Speaker.

All of a sudden we find, he says, it's an 11 per cent increase, when in reality it's a 16 per cent increase and, Mr. Speaker, if we follow what's happened in the past three years, three years ago there was \$70 million overrun. An \$87 million over-expenditure two years ago. Last year \$55 million. If he follows that example, this Budget will be a good 20 per cent.

But, Mr. Speaker, there's more deceit than this. I ask everybody to turn to page 36 in the Budget Speech. All of a sudden it says, the total for health in 1975-76 is \$270 million. But on page ten, he says, we spent an additional \$23 million. When I add those figures that comes to \$293 million. He says we gave an increase of \$69 million. When I subtract that \$23 million, it's \$45 million. That's not an increase of 25 per cent, Mr. Speaker, that's an increase of 15 per cent.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MacDONALD:** — Mr. Speaker, I ask every Member, including the Premier to turn to those two pages on the Budget and then I ask the Minister of Finance to give an explanation to the people of Saskatchewan and to the people of this House.

Mr. Speaker, I've only got one word to describe this Budget, it's an albatross, an albatross around the neck of local government, around the neck of the individual taxpayer in Saskatchewan and an albatross around the shoulders of the sick and the unfortunate and I want to tell you why.

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Mr. Speaker, first of all, let's look at the problem . . .

**MR. COWLEY:** — You should know . . .

**MR. MacDONALD:** — Oh, there's the Minister of Potash. You know we've been here and finally in the Budget he's going to say something.

**AN HON. MEMBER:** — From his seat.

**MR. MacDONALD:** — From his seat. I hope you'll stand up in this debate and express your opinion and not like you did in the potash debate, sit there silent for three months.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MacDONALD:** — Mr. Speaker, let's talk about local government. There is no question that local government today is feeling the impact and the thrust of inflationary pressures that are not of their own making. Most of them are a direct responsibility of the Provincial Government. I think, for example, Mr. Speaker, of the teachers' salaries where the Government has taken over the negotiations. The last I heard, Mr. Speaker, the Government negotiation team had offered 17.2 plus 5.6 for increments, which is over 22 per cent and, Mr. Speaker, the \$28 million will not even look after the salary increases of the teaching profession in the Province of Saskatchewan.

I also have here, Mr. Speaker, a document. It's prepared by the Department of Education. It outlines the provincial average increase for education costs throughout the province. It indicates for example that plant and operation maintenance will go up by 22 per cent. It talks about all the individual costs. The Saskatchewan school trustees say they will need an additional \$50 million, if they are just going to maintain the program and pay the teachers' salaries.

Mr. Speaker, I've already at noon hour had five school units phone and say that they are estimating tax increases at the local level from ten to 15 mills.

Let's look at the Department of Municipal Affairs. The Municipal Affairs Department has got an increase of five per cent. I wonder what poor Henry's going to do. Last night at the city council meeting he was trying to go with a 22.5 mill rate increase in the city of Regina and I'm going to tell you Henry, unless you can get Walter to change his mind, you're not going to kiss enough babies, shake enough hands or go to enough funerals to ever get elected again.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MacDONALD:** — Mr. Speaker, I also want to talk for a minute about the health estimates. They are not up 25 per cent. They are up 15 per cent. Mr. Speaker, there are people from hospital boards in this province sitting in this room now. I have here a clipping in my hand, University Hospital to Reduce Staff, 81 people in one hospital, 81 people, 41 of them nurses.

Mr. Speaker, right now the Saskatchewan Hospital Services

Plan is in every hospital in this province, going through every budget on a line by line basis, dictating reductions in staff and cuts in service in order to meet the 15 per cent increase.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MacDONALD:** — I would also like to point out, Mr. Speaker, that I don't know how many people in Saskatchewan realize this, but the Province of Saskatchewan, other than Newfoundland and Prince Edward Island spend the lowest per cent of their budget on health of any province in Canada. Friday I'll develop the argument.

**MR. BLAKENEY:** — The lowest or the highest?

**MR. MacDONALD:** — The lowest. That includes, Mr. Speaker, the proliferation of programs, like SAIL and Denticare and Pharmacare. What they have done, Mr. Speaker, they pretended to turn around and provide good health care services in Saskatchewan, but in reality they have diluted health services and today they are starving hospital boards. They've never been.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MacDONALD:** — Mr. Speaker, what this Budget does, it does not fight inflation, it transfers the responsibility to fight inflation on to school boards, on to local government and on to hospital boards.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MacDONALD:** — Mr. Speaker, the second thing I want to talk about is that it is an albatross around local taxpayers in Saskatchewan.

The year 1975 will go down in the history of this province as the biggest increase in taxation after any time since we joined Confederation. That greedy government over there, took every indirect and hidden tax and raised it ten, 15, 25, 50 and 100 per cent. I speak of power rates, of gas rates, of insurance rates, of Land Bank rents, of grazing rentals, they even sneaked it on beer and liquor and now, Mr. Speaker, they turn around and put it on the direct taxes.

But I am going to tell you another thing, Mr. Speaker. I think the Minister of Sask Tel (Mr. Byers) had better stand on his feet also and give this House an explanation because while the rest of Canada is fighting inflation that Government is trying to protect its political hide for the next election. He stood up yesterday in Crown corporations and said that the Sask Telecommunications would make \$7 million in 1976 if they never raised the rate. That's more money than Sask Tel every made in any one year from 1944 to 1964 that I can remember. They would make \$7 million without raising the rates. In this year when everybody is trying to fight inflation the Crown corporations in this province are placing the biggest tax burden of any time in our history.

Mr. Speaker, I want to serve notice on Mr. Boychuk and the Prices and Compensation Board, that they had better take those

increases of Sask Tel and SGIO and roll them back. And the Minister of SGIO turns around and says the increases are 100 per cent, from 14 to 100 but just on a few sports models. Also on increases in license plates there are 140 at 200 per cent.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MacDONALD:** — And not from the big sports model, on the automobile accidents generally.

I can tell as an example, a little Mini-Minor car. Mr. Minister, go look it up, what kind of an increase in the Mini-Minor that's just got barely a seat for the working man to get back and forth to work.

Mr. Speaker, that is the highest taxation increase ever perpetrated on the citizens of Saskatchewan and, Mr. Speaker, I hope the Prices and Compensation Board has the courage to review them and evaluate them and if they are not warranted, to put them back. Or we will demand that they do it.

Then, Mr. Speaker, today they increase taxes. If ever there is a time when people should have a reduction in taxes, it is in a time of inflation. There should be every effort by every government to turn around and reduce taxes and put more money in the pockets of consumers. Mr. Speaker, this Government did the opposite. One of the things they did, Mr. Speaker, is to continue to put an island around the Province of Saskatchewan. They continue to segregate us from the rest of Canada.

Today we haven't got enough doctors, we haven't got enough professional people, we haven't got enough skilled laborers, we haven't got enough private entrepreneurs. What do they do?

They say to the Province of Saskatchewan, if you make over \$21,000 you are going to be treated different than they are in Manitoba, Alberta and everywhere else in the Dominion of Canada.

Mr. Speaker, why? The real question is why do we have to raise taxes in Saskatchewan? I would like to tell you why. Because, you know, Mr. Speaker, it is big government that really is the cause of inflation. Federal and provincial and I think we all agree with that. But the astonishing thing is that there is no government in Canada that is more a mess or has a fetish for government control and bureaucracy like the NDP in Saskatchewan.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MacDONALD:** — Mr. Speaker, in 1971 when these people became the Government of Saskatchewan, the total cost of the civil service salary and travel expenses was \$79 million. In the Public Accounts just tabled for 1974-75, just for salaries and travel expenses for civil servants in Saskatchewan it is \$150 million. That doesn't take into consideration the 15 per cent plus all the additional civil servants last year. Nor does it take into consideration the 20 per cent increase in salaries this year. I suggest to you that it will be \$220 or \$230 million just to pay the salaries and travel expenses. Then, Mr. Speaker, what do we do?

I should like everybody to examine the annual report of the Department of Government Services. The space that the Government leased has gone up 36 per cent in each of the last three years for an increase of 150 per cent. We are now building a gigantic colossal government building in the city of Saskatoon. We are building a \$50 or \$100 million building just down the street, in Regina.

Mr. Speaker, to house and maintain and pay the salaries and the travel expenses of civil servants in the Province of Saskatchewan will take every cent of income tax paid last year. Every cent of gasoline tax, every cent of tobacco tax, every cent of mineral tax just to pay it. Mr. Speaker, that is the burden on the back of the working man in the Province of Saskatchewan. Mr. Speaker, it is that Government that has got to provide some leadership and it is that Government that has to fight inflation.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MacDONALD:** — And not expect every working man, local government, and individuals in this province to do it.

I don't want to spend any more time on hospitals today, Mr. Speaker. I want to spend quite a bit of time on Friday on hospitals.

I want to touch on one more subject this afternoon and I think it is an important one. I want to talk about some of the economic indicators. Normally investment is considered an economic indicator in most of the provinces in Canada. The Minister very conveniently omitted it this year. Because in Saskatchewan it is a very misleading economic indicator. Because in most cases it is an indication of growth and expansion and jobs. In the Province of Saskatchewan it is the opposite. It is an indication of capital leaving our province, of jobs that are not being developed in our province.

Let's take for example the Atlantic Richfield purchase a few days ago. Twenty-three million dollars came out of the Treasury. It went to New York, to Washington, to United States. Twenty-three million dollars that could have been used to support our hospitals, to give more grants to our schools.

It was loaned to Saskoil from the Department of Treasury. Mr. Speaker, that is not the only capital expenditure. I think of Intercon. I think of Canada Northwest, I think of IPSCO where money that was given in a capitalist venture that produces no jobs, does not increase one barrel the amount of oil we produce in Saskatchewan and now all of a sudden we are in the process — the Premier has just come back from a trip to spend millions and millions of dollars in a potash mine.

Mr. Speaker, who is investing this money? It is the civil service. Mr. Speaker, what is their record? I want to talk for a moment about the financial fiasco of SEDCO.

Mr. Speaker, the best assessment of this Government's record in investment is to look at the Saskatchewan Economic Development Corporation. Its purpose is to loan public funds to get business started and to invest in private business. Mr. Speaker, some very strange things have been happening in SEDCO. For example the last 8 to 12 years, prior to '73, SEDCO loaned about

\$12 million. All of a sudden in 1973 the loans totalled \$40 million, in 1975, \$50 million. Mr. Speaker, all of a sudden we are beginning to get some disastrous reports. We are beginning to hear, Mr. Speaker, that company after company is going bankrupt or into receivership. In the last few weeks we can enumerate six of them. Meadow Lake Wood Industries. Anybody in the Province of Saskatchewan who watched that television program last night should be demanding a public enquiry.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MacDONALD:** — They should stand up and give a responsible estimate.

**MR. MESSER:** — I wonder if DREE had any money in there.

**MR. MacDONALD:** — Yes, they did, unfortunately. And I don't agree with DREE either.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MacDONALD:** — The second one, Mr. Speaker, Fleury Industries, a bus manufacturing company in Saskatoon. Sportsmen's Camper and Trailer Manufacturing Company of Saskatoon. A loan — the last one we heard — \$180,000. It is bankrupt. Circle Four Feeders, received \$400,000 in '73-74, has only got \$110,000 in security. Continental Bedding and Furniture Company in Saskatoon, SEDCO put around \$150,000 into this company, it has gone bankrupt. Daluma Campers now we hear, thousands thrown to the wind. I also hear, Mr. Speaker, that the Minister has now invested \$300,000 in the new movie, 'Who Has Seen the Wind'. I suggest it will be a new production of "Gone with the Wind".

**SOME HON. MEMBERS:** Hear, hear!

**MR. MacDONALD:** — Mr. Speaker, what is really important, is who is the man for the past three years that has made these investments. It is a man by the name of David Dombowsky, a good civil servant, a good friend of mine. He is now the man who is going to be responsible for spending hundreds of millions of dollars of yours and my money in the potash industry. He is now the head of the Saskatchewan Potash Corporation. He is the man who will be making the financial evaluation, a man who has just left SEDCO, which is on the verge of a public scandal. Therefore, Mr. Speaker, today.

**MR. ROLFES:** — Your former friend.

**MR. MacDONALD:** — That's right. He served us, Mr. Speaker, when we were the government but he was not given the financial responsibility of determining what were the economic prospects of a business. He has never risked a five cent piece of his own, he has never had to make a profit, he has never faced a competitive world.

Mr. Speaker, I want to make an announcement. I want to talk about the potash industry because we heard the Minister today stand up and once again talk about the potash industry.

Mr. Speaker, so that there is no confusion, I am going to read this, it is not long.

I am speaking in regard to the proposed financing of the Government of Saskatchewan of the potash takeover.

The Premier has indicated that the Government is prepared to invest over \$500 million to \$1 billion in its takeover. There are some of us who believe the figure will be equally close to \$2 billion. Especially when the talked of expansion is taken into consideration. Whether we are talking about \$500 million or \$1,500 million, it is still the largest risk ever undertaken by a Saskatchewan government. On a per capita basis it is the greatest risk every taken by any government that I can recall in the history of Canada.

When the Government borrows this huge sum of money, they will get it from eastern Canada or the United States or the Arab countries or even the European money markets. To get the money they will be pledging the credit of the people of the Province of Saskatchewan.

We have an excellent credit rating, thanks to the prudence of former governments, mostly to the hard work and reputation of our farmers and business men. That's right. Old C. M. Fines, I didn't like him very well politically but he was a responsible financial man in this province. Not only that, the best one of them all is my seatmate.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MacDONALD:** —

The credit of a province in the final analysis is based on its resources and its people. We are blessed with a fine quality in both.

Mr. Blakeney is going to put up his collateral, Saskatchewan's assets, our resources and our people. The fact that we have one of the lowest per capita debt loads of any province will also help Mr. Blakeney secure the hundreds of millions he needs for the potash takeover. The potential lenders will be far more interested in the ability of Saskatchewan's people to pay off this massive debt than the viability of the two or three mines seized or purchased by the NDP.

Let's be very clear about this, if the price of potash drops, if the market collapses, if new sources are discovered, if Russia moves into the market, if any or all of these things happen, then the Saskatchewan Potash Corporation may find it cannot meet the payments of principal and interest and the creditors . . .

Don't say if. Today we got news that the potash is down 47.2 per cent in exports. What is the reason. Don't suggest it is an 'if'. It is a reality.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MacDONALD:** — If the management of Saskatchewan Potash proves inefficient, and there is already a great deal of evidence to indicate this will be the case, again the Government will be called on to pay off the loans. The Government will in turn get the money from Saskatchewan taxpayers, resulting in higher taxes and/or a lower level of services.

Mr. Blakeney says it will be a self-liquidating debt. But neither he nor his Government can control all the complex factors involved in the operations of this great international industry.

We only have to look at the business record of his Government in regard to the mess at SEDCO, and the Intercontinental Packers deal to realize how worthless are the Premier's assurances concerning a sound business venture.

Mr. Speaker, the Blakeney Government through the potash deal are mortgaging the future of Saskatchewan for the next 25 or 30 years.

Given the known record of this province's economy to rise and fall like a roller coaster, coupled with the same tendency in the potash industry, it is a bad risk. The Opposition is convinced that the majority of the people in Saskatchewan are against this takeover and the Government has not the moral right to place on their backs this fantastic debt. We feel so strongly that this venture is wrong that I am stating on behalf of the official Opposition and my colleagues, that when we take over the Government of Saskatchewan, we will remove this debt load off the back of the people and place it on the potash mines taken over by the present Government.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MacDONALD:** —

A Liberal government will take whatever means are necessary to remove the Government of Saskatchewan as a guarantor of the money borrowed to finance the potash takeover. Let the lenders be warned that their only long-term collateral will be their government operated potash mines themselves and not the farmers of Saskatchewan.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MacDONALD:** —

If the NDP stay in power for the next 25 or 30 years then the people will lend them the money to take over the mines will know that if they fail, they can take their money from the pockets of our taxpayers. However, when the NDP are replaced by a Liberal government, whether it be three years or seven years, the lenders will have to depend on the profitable operation of these potash mines for repayment of their loans. This will place them in exactly the same position as they are with any other commercial loan, no better, no worse.

In view of this I believe they will demand a great deal

more information about this whole potash venture from Mr. Blakeney that he has given to the people of Saskatchewan.

No financier will lend hundreds of millions of dollars on the Premier's bland assurance that it is a good deal. They will demand facts, figures, studies and above all, they will assess management. When this is done and they refuse the loan, we say, good. Because it will prove that our contention is right that it is too risky a deal with interest so high and potash markets so unreliable.

If they take a good hard look at it, the management of Saskatchewan Potash, they may well keep their money in their pockets. Again we say good. If they demand a higher interest rate than maybe the Premier will come to his senses and back out of this deal before it is too late.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MacDONALD:** —

We are taking this action in an effort to protect Saskatchewan people from being saddled with a debt that will haunt them for the next quarter of a century. Mr. Speaker, I also want to make it clear that this action by a Liberal government will only be applied against the potash debt, not Sask Power or a public utility.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MacDONALD:** — Oh yes, what we are saying with a monopoly like Sask Power or Sask Tel, you birds know how to make money in Sask Tel. You raise the rates when you don't even have to raise them.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MacDONALD:** — What we are saying is that the potash mines themselves must be the collateral and not the people of the Province of Saskatchewan.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MacDONALD:** —

For ordinary government borrowing such as power, gas, telephone, reasonable assistance to business development, a Liberal government will honor to the letter every commitment made by the present Government.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MacDONALD:** — Now don't say anything. If you can find one deal that we as a government ever backed out of, you have broken every deal and every commitment more than any government in the history of Canada.

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**SOME HON. MEMBERS:** Hear, hear!

**MR. MacDONALD:** — Finally.

If this deal is as good as the Premier says it is, we will have nothing to worry about. We will get the money and at a low interest rate. If not, he should not be venturing down this risky road in the first place. Mr. Speaker, all we are saying is, lenders beware. To the people of Saskatchewan we will not risk a New York City or a city of Montreal.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MacDONALD:** — Nothing more than use the mine as collateral and not the people of the Province of Saskatchewan.

Mr. Speaker, as you can imagine, I have got a great deal more to say about this Budget.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MacDONALD:** — Not only that, I can hardly wait until Friday. Mr. Speaker, we haven't even seen the Estimates. This is the first budget in the history since I have ever been in this House that the financial critic of the Conservatives was not given an Estimate book until after the Minister sat down.

**SOME HON. MEMBERS:** Ahhhhhh!

**MR. MacDONALD:** — That's right. So I am going to sum up this afternoon by saying two things. This is a deceitful Budget. I think the Minister of Finance owes this House and the people an explanation. It is not an 11 per cent increase, it is a 16 or 20 per cent increase. I am also going to say, Mr. Speaker, that for the Department of Health it is a 15 per cent increase, not a 25 per cent increase. I also repeat again, it is an albatross around the neck of local government, on the backs of individual taxpayers and on the shoulders of the sick and the unfortunate. We will develop that argument on Friday. I beg leave to adjourn the debate.

Debate adjourned.

The Assembly adjourned at 4:50 o'clock p.m.