

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
3rd Session — 18th Legislature
14th Day

Thursday, March 10, 1977.

The Assembly met at 2:00 o'clock p.m.
On the Orders of the Day.

INTRODUCTION OF GUESTS

CURLING RINK CHAMPIONS

MR. J. G. LANE (Qu'Appelle):— Mr. Speaker, it gives me a great deal of pleasure today to introduce to the Assembly two provincial championship curling rinks. The rinks are both from the community of Kronau. One is the provincial girls' championship rink and the other is the provincial boys' championship rink. The boys' championship rink is coached by Mike Schneider, the skip is Rick Schneider, third Larry Schneider, second Murray Sieferling and lead Gordon Ell.

The girls' rink, provincial junior girls championship Brenda Forner, third Erin Campbell, second Norma Griegan and lead Barbara Callen.

I should like to say that both home rinks are at the Kronau curling club and it is the first time in the history of Canada that two provincial junior champions have come from the same club. And when it comes from a club in a small community in Saskatchewan, I think it is a doubly auspicious occasion today. Both leave tomorrow or Saturday for the national championships.

On behalf of the Assembly we wish them a safe journey and good success and good curling.

HON. MEMBERS:— Hear, hear!

QUESTIONS

LOAD LIMITS ON MUNICIPAL ROADS

MR. E. C. MALONE (Leader of the Opposition):— Mr. Premier has your Government made any decision at this time as to load limits on municipal roads and, if so, are you in a position to advise us today what those limits will be?

HON. A. E. BLAKENEY (Premier):— No decision has been made.

MR. MALONE:— Has your Government considered giving the RMs the assurance that they will have the right to issue overload permits as they have in the past and will this practice continue?

MR. BLAKENEY:— The Government has considered this. It has not considered all aspects of the question of load limits in any detail, hence no decision. The proposal that the Hon. Member puts forward is part of the proposal under consideration. I would anticipate that there will be no change in the arrangements whereby RMs can

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issue overweight permits. Accordingly I can give you a general assurance along that line, but our policy is not firm and accordingly I cannot be definitive.

MR. MALONE:— A supplementary, Mr. Speaker. Can the Premier give me any idea when his Government will be in a position to make this decision and to make an announcement.

MR. BLAKENEY:— We hope in the relatively near future to be able to make an announcement.

MR. MALONE:— Mr. Speaker, as the Premier is aware there is a convention taking place in Saskatoon next week that the Minister of Municipal Affairs (Mr. MacMurchy) I understand will be addressing. Do you expect to be in a position at that time to make an announcement?

MR. BLAKENEY:— I am unable to inform the Hon. Member on whether we will be able to do it for the SARM convention but it may well be that I can find out from my colleague, the Minister of Municipal Affairs and have him or me add something in tomorrow's House.

MR. R. H. BAILEY (Rosetown-Elrose):— I wonder if the Premier could give the assurance to this Assembly and, in particular, to Members on this side of the House that he would personally see that when this legislation does come down it is not a discriminatory piece of legislation?

MR. BLAKENEY:— If you will allow us to define 'discriminatory', the answer is, Yes. If you want to define it the answer is, No. I think I would have to leave it at that.

SOME HON. MEMBERS:— Hear, hear!

RENT CONTROL LEGISLATION

MR. G. H. PENNER (Saskatoon-Eastview):— To the Minister in charge of the rentalsman's office. In light of statements that have been made recently by the Premier and other Members of your Cabinet with regard to the cessation of the wage control program, I wonder if the Minister could tell us what his plans are with regard to ending the rent control legislation?

HON. E. C. WHELAN (Minister of Consumer Affairs):— We are keeping in very close touch with the Federal Government's activity in this area. We are looking at it carefully and we will make an announcement in due course.

MR. PENNER:— Has the possibility of the cessation of the legislation been discussed in Cabinet?

MR. WHELAN:— Mr. Speaker, I am sure the Hon. Member realizes that discussions in Cabinet are confidential.

BALANCE IN ENERGY AND DEVELOPMENT FUND

MR. R. L. COLLVER (Leader of Progressive Conservatives):— Mr. Speaker, I address my question to the Minister of Finance (Mr. Smishek). In the light of the Minister's agreement the other day to look up the information, what is the balance of the Energy and Development Fund as of February 28, 1977 and what interest rate is it currently earning?

HON. W. E. SMISHEK (Minister of Finance):— Mr. Speaker, I thought that the answer I gave the Hon. Member the other day as to what the fund was at the end of December met his requirements. I am not able to provide the answer as to what it was as of February 28th. I will try and get that information and provide him with that information at a later date.

MR. COLLVER:— And the interest rate.

MR. SMISHEK:— And the interest rate as well.

MR. COLLVER:— A supplementary, Mr. Speaker. If in the light of the Government's purchase of the equity in Duval and Sylvite mines is the fund's stated purpose to develop energy resources? What commitments against the balance have you provided us with other than the balance at the end of December? What commitments against the balance have already been pledged by the Government of Saskatchewan?

MR. SMISHEK:— Mr. Speaker, to the best of my knowledge no commitments have been made beyond that.

MR. COLLVER:— A supplementary, Mr. Speaker. Does that include the \$36 million announced by the Premier that he would be perhaps using of the Energy and Development Fund? As I understood the answer to a question the other day, the \$144 million would be made up of \$108 million borrowed and \$36 million from the Energy and Development Fund, or was it the other way around - the other way around. Does that include that \$108 million commitment from the Energy and Development Fund? The balance you gave us as of December 31st was \$200 odd million. Does that include taking off the \$108 million or is that before you take off the \$108 million?

MR. SMISHEK:— Before.

MR. COLLVER:— Before. A further supplementary. Approximately how much per month, on average, is deposited to the fund?

MR. SMISHEK:— Mr. Speaker, approximately and I haven't got the precise figure, approximately \$10 million a month.

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PROVINCIAL FUNDS TO SCHOOL BOARDS

MR. W. H. STODALKA (Maple Creek):— Mr. Speaker, a question to the Minister of Education. I wonder if the Minister is aware that school boards only have approximately three weeks to finalize their budgets? Does the Minister want to give us some indication as to when information will be available as to the extent of the provincial funds which they will receive?

HON. E. TCHORZEWSKI (Minister of Education):— Mr. Speaker, I am most happy to say that this year they will be receiving them much earlier than last year. When the Budget Speech is introduced the school boards will be notified immediately.

SOME HON. MEMBERS:— Hear, hear!

MR. STODALKA:— Mr. Speaker, a final supplementary. What procedure will you use in notifying the school boards?

MR. TCHORZEWSKI:— They are being notified by letter.

CRIME RATE IN SASKATCHEWAN

MR. E. F. A. MERCHANT (Regina Wascana):— Mr. Speaker, I wonder if I might direct a question to the Attorney General. He told the House two days ago that there was nothing in Saskatchewan's crime rate that, in his words, required some kind of extra special activity. I wonder if the Attorney General would comment on the fact that Saskatchewan has a higher crime rate than Manitoba or Ontario.

AN HON. MEMBER:— Hog wash!

MR. MERCHANT:— That's not hog wash, Mr. Whip. Even Quebec has a lower rate. As a matter of fact the only province I can think of where we don't have a higher crime rate is Tory Alberta.

HON. R. ROMANOW (Attorney General):— Well, Mr. Speaker, I am afraid the Member for Wascana as usual misunderstood the answer that I gave to the Legislature. My position is that the crime rate is something which indeed all of us must be concerned about. I am very concerned about it. I simply say that in terms of the relative increases in crime rates, say the three year period 1968 to 1971, when the Liberal Government was in power, the crime rate increased something in the neighbourhood of 33 per cent. From 1971 to 1975, the crime rate has increased by 19 per cent. Is that satisfactory? The answer is, No. Should something be done about it? The answer is, Yes. I am simply saying that you ought not to politicize the thing because during the period when your administration was in power the rate was very, very much more drastic and a more serious one than it is now. Now it requires action and we are looking at it as best as we can through more police, more prosecutors and so forth.

SOME HON. MEMBERS:— Hear, hear!

MR. MERCHANT:— Mr. Speaker, I notice that some of the bars in Regina find that it is unsafe to stay open after the early hours of the evening. Has the Attorney General any plans to deal particularly with the mounting crime rate in Regina and the danger in the down town core area?

MR. ROMANOW:— Mr. Speaker, again the best that I think I can do to answer the Hon. Member is to refer him to the last Annual Report of the Chief of Police of the city of Regina. Chief Huget in giving the crime rate statistics for the city of Regina actually noted that there was a decrease this year from last year in the crime rate.

Again, I don't want anybody to misinterpret that to mean that I am satisfied or that anybody is satisfied even with the rate as it is. But the point is some progress is being made. I think the city of Regina Police force is doing an excellent job. There are very difficult socio-economic problems that exist and under the circumstances I think they are doing a good job. We will continue to assess their demands for more assistance and do all that we can to try and stamp out the crime rate situation.

MR. J. G. LANE (Qu'Appelle):— A supplementary question. Mr. Attorney General do you or your office have a co-ordinating agency to bring together all those responsible for law enforcement on the criminal side in the Province of Saskatchewan?

MR. ROMANOW:— Yes, Mr. Speaker, we do have. We have an agency called the Criminal Justice Co-ordinating Committee which is in a very embryonic stage of organization. It endeavours to get together, as a preliminary step, the police forces, the prosecutors, the judges and the corrections people to try and work out some long run solutions to these problems. So the answer to the question is, Yes, we do have such an agency.

MR. LANE:— By way of final supplementary. Would it then be fair to suggest that this particular co-ordinating agency will be much strengthened in an announcement to be made later on this afternoon during the Budget?

MR. ROMANOW:— Again, Mr. Speaker, I am like the Premier. It depends on who defines the word strengthen. I think if we leave it to the Hon. Member for Qu'Appelle, we may not agree. I want to say quite seriously that this is a very new organization. I don't think that the executive director for the organization has been on the job for more than a month or two months. I think that rather than spending money we should assess the impact of the committee, what kind of needs are actually required and adjust to it. So accordingly, I think we have to give it some time to play out before we decide that we are going to be putting taxpayers' dollars into this particular function.

LOAN FOR ACQUISITION OF MINE

MR. MALONE:— Mr. Speaker, a question to the Minister of Finance.

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I was interested on Tuesday night to see the Minister of Finance on TV talking about the potash takeover of the Sylvite mine. At that time I believe the Minister, if I understood him correctly, indicated that a sum of approximately \$36 million had already been borrowed through the European agency and that that money was to be used to facilitate the purchase of the Sylvite mine.

My question firstly is, has the money already been borrowed, and was the purpose for borrowing the money the purchase of Sylvite?

HON. W. SMISHEK (Minister of Finance):— The answer is, Yes.

MR. MALONE:— When did the Minister complete the transaction, that is the borrowing of the money?

MR. SMISHEK:— At the end of January, Mr. Speaker.

MR. MALONE:— Could the Minister tell me how he knew that at the end of January that the purchase of Sylvite was to go through? What information did he have that the rest of us didn't have?

MR. SMISHEK:— Mr. Speaker, we were in negotiations. Perhaps I should have qualified that answer that it was borrowed for the purpose of potash acquisition. We did arrange for a loan because we were optimistic that it would be possible for us to make the acquisition and we arranged for a loan.

MR. MALONE:— How many other loans have you arranged for at this time for the purpose of acquiring potash mines?

MR. SMISHEK:— That is the only one, Mr. Speaker.

MR. MALONE:— Supplementary again, Mr. Speaker. Would you tell us the rate of interest that you are paying on this particular loan and where you got the money from, that is where is the money coming from?

MR. SMISHEK:— Mr. Speaker, the rate of interest is eight and three eighths. It was a private placement.

MR. MERCHANT:— A supplementary, Mr. Speaker. I wonder if the Minister would indicate whether there is any intention to use Sask Potash bonds as such in financing of potash takeovers, or is it always the intention of the Government to pledge the provincial government's backing with borrowing money in the ordinary manner and then turning that over to the Ministry of Finance?

MR. SMISHEK:— Consideration has been given to the possible sale of bonds to the people locally, but in examining it we think we were able to arrange money at lower interest rates. No long

term decision has been made. Certainly over the next few months the decision is that we would, if need be, borrow rather than issue local bonds.

ISSUE IN SASKATOON SUTHERLAND BY-ELECTION - BRIDGE CROSSING

MR. H. W. LANE (Saskatoon Sutherland):— Mr. Speaker, I direct this question to either the Minister of Highways or the Minister of Municipal Affairs. Are either of these Ministers aware that one of the issues raised in the Saskatoon Sutherland by-election was the proposed 42nd Street or North Saskatoon bridge crossing?

HON. A. E. BLAKENEY (Premier):— Mr. Speaker, I will answer on behalf of my colleague, the Minister of Highways. The answer is Yes, we were aware of the fact that it was raised in the by-election.

MR. LANE:— Mr. Speaker, supplementary question. Does the Government have any contingency plans for the opening of negotiations with the city of Saskatoon regarding the construction of this bridge and its costs?

MR. BLAKENEY:— Mr. Speaker, I suppose this depends on what you call negotiations. But in our judgment the negotiations are already open in one sense of the word. We have asked the city of Saskatoon to do a traffic study to see whether or not they want the bridge in that suggested location. They have undertaken to do the traffic study. My understanding is that the traffic study is underway, but not yet completed. I am sure when it is completed, the city of Saskatoon will have a proposal to put to the Government.

MR. LANE:— Mr. Speaker, final supplementary question. Could this Government then provide information at this time as to what cost-sharing arrangement will be proposed?

MR. BLAKENEY:— No, I think we will want to know what the proposal is before we commit ourselves to any cost-sharing proposal. I think any one is generally unwise to say, "You work up a proposal and whatever you work up we will share 50 or 60 or 70 per cent." We much prefer the arrangement that the applicant put the proposal on the table and then we can start talking about cost-sharing.

SOME HON. MEMBERS:— Hear, hear!

MR. LANE:— Final supplementary question. If I could be a little more direct, will any money be available from this Government for the proposed bridge construction?

MR. BLAKENEY:— Yes, I think that that is clear. Otherwise we wouldn't even be talking about their traffic study. We would just say; "Go ahead and build the bridge or not build it as you see fit." The answer is Yes, there will be cost-sharing.

SOME HON. MEMBERS:— Hear, hear!

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INTEREST EARNED ON SASKATCHEWAN'S ENERGY AND DEVELOPMENT FUND

MR. R. L. COLLVER (Leader of Progressive Conservatives):— Mr. Speaker, I direct my question again to the Minister of Finance. In the light of the Minister of Finance's obvious awareness this afternoon of the precise interest rate that was paid by the Government of Saskatchewan for the \$36 million borrowings, can the Minister not be more specific as to the interest earned by the Energy and Development Fund this afternoon?

MR. SMISHEK:— Mr. Speaker, there are a number of issues and investments. One would have to take the total amount and it would take a fair bit of calculation. For that reason I am not able to be precise.

MR. COLLVER:— Supplementary question, Mr. Speaker. Is the Minister suggesting to this Assembly that he is not aware on a continuing basis of the interest rates and balance of a fund the size of the Energy and Resource Development Fund? That is what it appears to us. Is the Minister suggesting to the Assembly, that he doesn't know what the current balance is and he doesn't know what rate of interest they are making?

MR. SMISHEK:— Mr. Speaker, if the Hon. Member is asking me whether every morning when I come to my office, I count all the money that the Government has and check every bank account, the answer is No. I don't think that is the responsibility of the Minister of Finance.

MR. MERCHANT:— Mr. Speaker, in light of the Minister's comments about not being able to place Sask Potash bonds, would the Minister agree that the money markets have to date been reluctant to lend money to Saskatchewan Potash as such, or in the alternative have put such a prohibitive premium on Sask Potash bonds because they don't consider it to be a good investment; that it has been necessary for the Government to go on pledging the credit of the people of Saskatchewan rather than pledging the credit of the mines themselves?

MR. SMISHEK:— Certainly not, Mr. Speaker. Obviously the Hon. Member is very poorly informed. We traditionally borrowed on behalf of the province rather than a particular corporation, for example, the Saskatchewan Power Corporation. There is no question as to the ability of the Power Corporation to be able to go to the markets and borrow money, or Sask Tel or other corporations. We have traditionally borrowed money on behalf of the province. We have an excellent credit rating and it is my belief that if the Saskatchewan Potash Corporation went to the money markets it would be able to get excellent rating and would be able to borrow money.

SOME HON. MEMBERS:— Hear, hear!

MR. MERCHANT:— A supplementary, Mr. Speaker. The Minister indicated not five minutes ago that you found there was too large a

differential between the amount of interest that you would receive borrowing as a corporation. One can only assume that the reason that you have Sask Potash bonds is to avoid pledging the people's money with these kinds of investments.

Would you indicate how large the differential has been in the negotiations that you have attempted to carry on to borrow money for Sask Potash alone?

MR. SMISHEK:— Mr. Speaker, as I understood the first question - why haven't bonds been issued locally, I thought that I had answered that question. In case of borrowing for potash, we made the decision to borrow some money. We were able to get an excellent rating and I think that it is to our advantage to borrow at the best possible price and this is what we have done.

BALANCE IN ENERGY AND DEVELOPMENT FUND

MR. C. P. MacDONALD (Indian Head-Wolseley):— I should like to direct a question to the Minister of Finance. I am sure that the people of Saskatchewan are rather concerned about the \$500 million or whatever it is in the Energy Fund. In the last year and a half, at the end of the purchase of the Sylvite potash mine there will only be \$127 million left in that fund.

It was rather interesting to note that the Province of Alberta in 1985 will have \$10 billion, which will return them a yearly income of approximately \$1 billion.

Has the Government of Saskatchewan developed any policy regarding the retention or the investment for the long term benefits of the Province of Saskatchewan and its people with respect to the Energy Fund or do you intend to squander it as fast as it comes in from the potash mines?

MR. SMISHEK:— Mr. Speaker, I believe that an investment in potash is a good investment ...

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— ... an investment that on a long term basis, will not only repay the debt but will make many millions of dollars of profit in returns to the people of Saskatchewan and future generations will be grateful for what this Government has done in acquiring potash on their behalf.

SOME HON. MEMBERS:— Hear, hear!

MR. MacDONALD:— I should like to suggest to the Minister that he please tell me what new jobs, what new productivity will come from the \$144 million invested in potash? Would he also tell me what loss of revenue to the people of Saskatchewan is lost to the Energy Fund, which he indicated was paying nine per cent now, and all of a sudden he suggests that the potash mines will be making a profit. Certainly they will be making a profit, if you do not pay any interest to the Energy Fund from the Potash Corporation or any taxes and you are already receiving this fund. What are the long term benefits, can the Minister tell me,

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in new production, in new jobs for the people of Saskatchewan for that investment of \$144 million?

MR. SMISHEK:— Mr. Speaker, I am not able to announce any sort of new revenues, nor are we in a position today to say precisely the number of new jobs that will be created. Certainly the opportunity will be there for the Hon. Member to ask questions during Crown Corporations meetings as to future expansion and he knows that very well. So I invite him during the Crown Corporations meetings to ask questions when the Saskatchewan Potash Corporation is before the Crown Corporations Committee.

SOME 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, 1978, and Supplementary Estimates of Certain Sums Required for the service of the Province for the 12 months ending March 31, 1977, 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):— Before I begin the Budget Address I should like to extend my welcome and congratulations to the newly elected Members to the Legislature, the Hon. Member for Saskatoon Sutherland (Mr. H. Lane) and the Hon. Member for Prince Albert-Duck Lake (Mr. Wipf). May I express the hope that their short two year stay in this Legislature will be a pleasant experience, which they will always remember. If I were to give them any advice, it would be the advice I received some years ago from a close friend of mine, who served this province very well as a Member of the Legislature and as a Minister of the Crown for many years. He is here with us today.

He said that what he looked for in a politician was a person with honesty, integrity and ability. I believe those are good qualifications for public office. If there is one additional phrase I could use, it is the need to have a bit of modesty as well. I have one deep regret to express before my address this afternoon and that is that a dear friend of ours, a close colleague of ours, the late Mr. Leonard Larson, is not here with us today. I express my deepest regrets and condolences to his dear wife and his family.

Mr. Speaker, it gives me a great deal of pleasure to rise to present to you and to Members of this House the sixth budget of the New Democratic Government. While this Budget contains measures to maintain the pace of social and economic development in Saskatchewan, I am aware that the past five years have provided a tough act to follow.

Since 1972, we have seen unprecedented growth and diversification of our economy. At the same time we have seen a host of improvements in programs for people. Let me review just a few of those accomplishments.

Education has been a significant priority of this Government. In 1970-71, grants to local school boards provided only 47 per cent of the cost of elementary and secondary education in this province. By last year, 58 per cent of these costs were borne directly by the Provincial Government. Including the Property Improvement Grant over 72 per cent of total costs were provided by the province. This eased the burden on local ratepayers significantly. At the same time we were able to add significant improvements to our total education system, Mr. Speaker. Province wide kindergartens were funded; a community college system was developed, and increased capital and operating support was provided to our universities.

The Department of Northern Saskatchewan was created. In the past four years it has provided educational facilities, roads, housing, sewer and water, recreational facilities, support for local government and programs for social development which have improved living conditions from the 19th century levels to a modern standard enjoyed by most other residents of Saskatchewan.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— Senior citizens have had services made available to them in a variety of areas:

1. Income support through the Senior Citizens' Income Plan;
2. Housing programs from the Saskatchewan Housing Corporation;
3. The establishment of community services and Senior Citizens' Centres;
4. Specialized health programs and the abolition of deterrent fees and health care premiums;
5. Subsidies to Level II and Level III patients in Special Care Homes;
6. The formation of a Senior Citizens' Advisory Council to make government aware of the needs of senior citizens in our province.

We established the Saskatchewan Housing Corporation to provide access to housing for low and middle income people. Programs such as land assembly, co-operative building assistance and the rehabilitation of existing housing stock have provided significant benefit to persons requiring housing.

Mr. Speaker, six years ago local governments received only \$1.2 million from the province to pay for essential local services. Three years ago we introduced the urban package, a collection of grants containing capital and operating funds to cover a variety of services. The Community Capital Fund, grants

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for police services, equalization grants and unconditional operating grants formed the backbone of this package which provided \$34 million last year, Mr. Speaker.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— An overall increase of 2700 per cent since 1971.

We have taken positive action to safeguard the basic rights of individuals, Mr. Speaker.

1. Legal aid to ensure equality of treatment before the law;
2. A Department of Consumer Affairs to provide consumer protection;
3. An Ombudsman to provide for the rights of citizens when dealing with their governments;
4. The Women's Division and the Career Development Office designed to protect and advance the position of women in the work place;
5. The Human Rights Commission to reduce discrimination of all kinds.

And there were other accomplishments over the last five years, Mr. Speaker.

In Agriculture:

1. The Land Bank Program to provide land to new farmers;
2. FarmStart to provide loans and grants to livestock operators;
3. The Hog Stabilization Program to provide payments to hog producers;
4. The Cow-Calf Advance Program and a Beef Industry Assistance Program to assist livestock producers.

In Transportation:

1. Operation Open Roads and Operation Main Street to provide dust-free access in rural Saskatchewan;
2. Completion of the market grid road system;
3. Acceleration of the main farm access road system;
4. The start of the Super Grid Program; and
5. The Highways Budget which has grown, Mr. Speaker, from \$63 million in 1970-71 to \$129 million in the current year and rising to almost \$143 million next year.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— The list goes on and on; innovations in Culture and Youth; Environment; in Occupational Health; in services to the disadvantaged or the handicapped and in Tourism and Renewable Resources. This list is long and the list is impressive, Mr. Speaker. These are services provided to the people of Saskatchewan by a government that is serious about fulfilling its commitments.

Mr. Speaker, the quality of health care has always been of paramount importance to this Government. This deserves special attention in view of the misrepresentations that have been made by the Opposition Parties about the quality and the level of health care in Saskatchewan.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— Mr. Speaker, let me review the facts.

When we took office in 1971, we inherited a health system that had been neglected for seven long years. Deterrent charges had been imposed. Small hospitals had been shut down. The large city hospitals needed major renovations.

Mr. Speaker, this Government set out to re-establish the finest possible health service, at the most reasonable cost to the people of Saskatchewan. We immediately removed deterrent fees. We removed premiums, first of all from senior citizens and then from the rest of the population.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— We undertook major hospital building programs in Regina, Saskatoon, North Battleford and other smaller centres, Mr. Speaker. This commitment to health services has required a massive increase in the Budget.

Expenditures on hospital and related services have risen from \$94 million in 1970-71 to more than \$280 million budgeted for 1977-78 ...

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— ... an increase of 197 per cent. The cost of medical services have grown from \$28 million to \$75 million, an increase of 168 per cent. Total spending on regional and preventive services has grown from \$5.3 million to \$13.3 million, an increase of 150 per cent.

Since 1971 we have followed a systematic program of upgrading our hospital facilities. Provincial contributions to hospital related construction during these six years has totalled \$55 millions of dollars.

During the past 18 months, new hospitals have been opened or completed in Lestock, Elrose, Biggar, Climax and Lampman. A major extension and renovation project was completed in Balcarres. Other projects are on the drawing board.

We are proud of our record of opening new hospitals in rural Saskatchewan, Mr. Speaker.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— Our record stands in stark contrast to that of the former administration which closed a total of eleven rural hospitals in one fell swoop, Mr. Speaker.

Next year's figure includes over \$16 million for an expansion project at the University Hospital, which will cost a total of \$41 million on completion in 1978. Over \$3 million to begin the Regina hospitals regeneration project, which is expected to cost \$66 million over the next ten year construction period.

Furthermore, Mr. Speaker, \$29.4 million has been budgeted

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in 1977-78 for four major programs which did not exist under the previous government. The Saskatchewan Hearing Aid Plan, Saskatchewan Aids to Independent Living, the Saskatchewan Dental Plan and the Prescription Drug Plan are vital elements in the Saskatchewan tradition of innovative health programming.

Mr. Speaker, the Opposition has referred to these programs as frills, healthy teeth for children; assistance to senior citizens to defray the cost of drugs; hearing aids at reasonable costs; prosthetic devices for the handicapped. Where are the frills, Mr. Speaker? Let them speak up! To which of these programs would the Opposition Parties put the axe, Mr. Speaker?

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— The gross expenditure of the Department of Health and the associated commissions have risen from \$137 million in 1970-71 to more than \$403 million in the current budget, Mr. Speaker, a rise of 194 per cent in just seven short years, Mr. Speaker.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— The increase in 1977-78 alone is more than \$65 million or 19.5 per cent, Mr. Speaker. That, Mr. Speaker, is solid evidence of our commitment to provide a health service in which every Saskatchewan resident can take pride.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— Mr. Speaker, compare this commitment of responsible approach to health care with the drastic measures taken by other governments.

In 1976, British Columbia attempted to hold hospital budgets to an 8.5 per cent increase and health insurance premiums were raised in British Columbia by 50 per cent to \$225 annually per family. Alberta, Mr. Speaker, imposed an 11 per cent maximum increase and limiting the increase to 7.5 per cent only in 1977 and will soon increase the premiums to \$169, Mr. Speaker. Let us take a look at Ontario, rich Ontario, which charges a health premium of \$384 annually per family and has attempted to limit hospital budgets to a ten per cent increase and occupied beds to four per thousand population, Mr. Speaker. It has attempted to eliminate 4,500 jobs through bed reductions and the closure of 12 major hospitals, Mr. Speaker.

Mr. Speaker, the Tories talk about making our hospitals “more efficient”. What does that mean, Mr. Speaker? Examples learned from Tory Ontario or Tory Alberta? Or is it based on suggestions made by their federal counterparts? Does it mean deterrent fees, closing hospital beds or simply cutting back the wages paid to hospital workers, Mr. Speaker? It most certainly does not mean better health care for the people of Saskatchewan.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— Mr. Speaker, in Saskatchewan we do not intend to close hospitals. We do not intend to place arbitrary, unrealistic limits on funds available to the health sector. Saskatchewan has more hospital beds available per capita than any other

province. Certainly, we scrutinize all hospital expenditures closely. We review regularly the hospital requirements of all Saskatchewan and communities so that the number and distribution of beds will remain appropriate for the community needs. I think that is expected of us, Mr. Speaker.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— We are prepared to make changes in the health system to ensure that it remains efficient, effective and responsive to the needs of the people of Saskatchewan. By any index of the quality and availability of health services, Mr. Speaker, Saskatchewan stands in the front line.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— Mr. Speaker, I have described five years of great achievement. This Government is proud of Saskatchewan and we think Saskatchewan is a good place in which to live. We are confident that Saskatchewan today compares favourably with any province or jurisdiction in North America. We invite comparison. This is true in health, in education, in housing, services for older people, agriculture, automobile insurance, recreation and many other areas. Mr. Speaker, the programs which I will announce today reaffirm our confidence in the ability of this province and its people to continue this progress.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— Mr. Speaker, in 1974 we introduced the Community Capital Fund to assist Saskatchewan communities to develop capital facilities.

Some months ago my colleague, the Minister of Culture and Youth, announced a new four year Capital Grant Program to assist communities to meet their need for cultural and recreational facilities. This program reaffirms our commitment to combine provincial financial support with local decision making in revitalizing our communities. In 1977-78, Mr. Speaker, we will make available \$4 million under this program.

For individual communities, the basic formula will provide \$25 per capita. If communities co-operate with each other in the construction of common facilities, a bonus of \$5 per capita will be provided. This could mean \$30 for every resident of communities that work together in providing recreation or cultural facilities.

To offset wide seasonal fluctuations which occur in the construction industry and in employment, we have incorporated special incentives in the program to encourage construction of these projects during the winter months.

Mr. Speaker, in 1977 there will be a major expansion of home care services in Saskatchewan.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— We will combine services currently offered by the Departments of Health and Social Services into one program.

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This program will provide home nursing care, homemaking and other services to permit a realistic alternative to institutional care for the disabled, the handicapped, the elderly, and the chronically ill.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— While complete implementation of this program will require several years, funds committed to home care in 1977-78 will increase by nearly 50 per cent to \$6.3 million.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— Mr. Speaker, safety on our streets and highways is a matter of vital concern to this Government. The statistical story is appalling.

1. In the past ten years, more than 2,500 dead and 82,000 injured as a result of traffic accidents.
2. In 1975 alone - 286 people were killed and died in Saskatchewan traffic accidents.
3. Direct costs in 1975, more than \$75 million.
4. The indirect costs in terms of sorrow and suffering are immeasurable.

Four years ago, Mr. Speaker, the Legislature appointed a special committee to study all aspects of traffic safety problems. Many of its recommendations are included in the Safety '77 program, directed at reducing the accident rate in Saskatchewan. In this Budget, \$3.3 million has been provided for safety programs, including \$2 million for Safety '77.

What are the key features of this program?

1. An intensive education program to increase public awareness of the needs for traffic safety.
2. Involvement of local communities in developing safety projects.
3. A school safety program.
4. A training course for truckers.
5. A vehicle inspection program.
6. \$600,000 for programs directed at the problem of the drinking driver.
7. More than \$200,000 for a traffic safety court in Regina, a two year pilot project experimenting with the new methods of dealing with the traffic offenders.
8. \$200,000 for shared-cost programs with local governments for accident counter-measures on municipal roads.

The funds for Safety '77 are in addition to the \$1.3 million which is already being spent on safety measures through the Department of Highways and Transportation.

Mr. Speaker, we think that Safety '77 will contribute greatly to the traffic safety in this province. But to make it work, to make our streets and highways safer for everyone, we need the co-operation of every citizen in the province, Mr. Speaker.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— Mr. Speaker, last fall when livestock prices did not recover as anticipated, the Beef Industry Assistance Program provided over \$31.5 million in grants to 26,000 cow-calf producers. In addition, cash advances totalling nearly \$54 million were made available to livestock farmers.

It is clear, Mr. Speaker, that when our livestock producers experience difficulties, this Government of Saskatchewan stands ready to provide assistance.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— To keep pace with changes in the agricultural economy over the last several years, we have adjusted the eligibility criteria for FarmStart and the Land Bank. This will ensure that those farmers who are in need of services of these two programs, will be eligible for them.

FarmStart is continuing to provide assistance to farmers to expand into livestock sectors. And, Mr. Speaker, even with the past downturn in livestock prices, FarmStart has had remarkably few failures.

I particularly invite the Opposition to listen to this. Mr. Speaker, as of January 1, 1978 those persons who have leased land from the Land Bank since January 1, 1973, will have the opportunity to purchase the land.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— Mr. Speaker, to ensure that every acre of agricultural land remains productive, over \$1.5 million will be provided for flood control and drainage programs. This includes over \$200,000 to alleviate flood problems in small urban communities.

In addition, we will undertake a number of new initiatives:

1. A forage Insurance Pilot Program will be developed to assist livestock producers in the event of poor forage crops;
2. A Dairy Herd Health Program will be implemented to assist young dairy producers;
3. Continued assistance will be provided to seed cleaning co-operatives for construction and upgrading projects.

Mr. Speaker, in 1976, housing was created at record levels in Saskatchewan.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— Although we expect some slowdown in 1977, we are determined to continue the development of an adequate housing supply together with the stimulation of employment in the Saskatchewan construction industry.

Housing is more than just an economic indicator, it is an essential public good. Housing should be made available to everyone at a reasonable price.

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The Saskatchewan Housing Corporation has played a major role to make sure that housing is made available to people whose needs would not be met through the normal housing markets.

In 1977-78 the budget of the Housing Corporation will be increased substantially to meet this objective.

We will expand the building co-operative program from 350 to 700 units.

To improve the rental situation, we recently introduced a program which provides loans for construction of non-profit, moderately priced rental accommodation. In 1977-78, financing will be available for the construction of additional rental units.

The Rural and Native Housing Program will provide accommodation for 400 low income and native families in rural centres, Mr. Speaker.

We will expand the Public Rental Housing Program by 25 per cent to 1,500 units, a significant portion of which will be allocated to the senior citizens.

Mr. Speaker, in the coming year the Provincial Government will undertake discussions with local governments to design a revenue sharing plan to assist municipalities in maintaining an adequate revenue base for future years. This will represent a major innovation in municipal financing in Saskatchewan.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— Meanwhile, to assist local governments in their contacts with the province, the Department of Municipal Affairs has been reorganized.

The Rural Affairs Division will combine the activities of the Municipal Road Assistance Authority with rural services currently administered by Municipal Affairs. The establishment of a separate rural division will enable the Government to focus directly on the needs and aspirations of rural residents.

In recognition of the development pressures in urban centres, an Urban Affairs Division has been established. This Division will assist urban municipalities in the design, co-ordination and implementation of new development, Mr. Speaker.

In 1977-78 we will increase the major grants to municipalities once again. Rural municipalities will receive additional grants for road construction.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— Mr. Speaker, the prevention of crime in Saskatchewan is of increasing concern to all levels of government. We recognize that municipalities face rapidly rising police costs. In 1977-78 police grants will total \$6.7 million, a 50 per cent increase over the previous allotment.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— This level of municipal funding will assist

municipalities to maintain sufficient resources for crime prevention, Mr. Speaker.

We will increase unconditional grants to urban municipalities to \$22 per capita, ten per cent above last year's level.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— This will ensure greater flexibility for local governments in meeting rising costs and demands for services.

In 1977-78, the Property Improvement Grant will provide more than \$45 million in grants to local taxpayers, double the amount provided five years ago when the program was introduced. In 1977 the average grant will be in excess of \$180. This program offers significant tax relief to local taxpayers through the province.

We will provide grants under the Neighbourhood Improvement Program to \$2 million to assist municipalities in community revitalization.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— With the recent approval of nine additional locations, the program now includes 38 projects with a total provincial commitment of \$5 million. The Neighbourhood Improvement Program provides an ideal opportunity for citizen involvement in the renovation of older urban neighbourhoods.

Mr. Speaker, in the past six years we have taken positive action to develop and implement social and economic programs to meet the needs of the people in the northern part of the province.

This Budget continues that process, Mr. Speaker. We will provide over \$8.5 million in grants to schools, up \$2 million from the current year. We have provided over \$4.5 million in the capital project to upgrade educational facilities.

We will expand the Municipal Services Program to emphasize the development of local government, Mr. Speaker.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— We will provide \$600,000 for the first phases of a program to develop recreational facilities in northern communities.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— We will allocate funds to continue sewer and water services installations in Green Lake and La Ronge and Ile-a-La-Crosse and the start that they made on the system for Beauval.

SOME HON. MEMBERS:— Hear, hear!

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MR. SMISHEK:— Mr. Speaker, the success of our economic development and capital works programs in northern Saskatchewan is reflected in the requirements under the Saskatchewan Assistance Plan which are down \$1.5 million from the 1973-74 expenditures.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— Mr. Speaker, I am pleased to announce that 1977-78 will see the establishment of a three year Unified Family Court pilot project which will lay the ground work for a broad program to deal with families in crises. This Government recognizes that the setting in which crimes are punished and civil disputes resolved is not the setting in which people should have to deal with family problems. This project will create a more humane environment which will help families find solutions to their problems. It will assist people to make use of provincial agencies which provide counselling and other services to families and individuals in difficult circumstances. Details of this project are currently under discussion with the Federal Government.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— Mr. Speaker, this Government has consistently demonstrated its support for working people.

Since 1971, the average weekly industrial wage paid in the province has increased by 84 per cent, from \$122 to \$226. At the same time we have raised the minimum wage from \$1.50 to \$3.00, an increase of 100 per cent, the highest minimum wage in Canada.

We have developed a sound and progressive body of labour legislation of which we are proud.

We have instituted the most comprehensive occupational health and safety program in Canada.

This commitment to working people includes those who have been injured at work: our Worker's Compensation scheme is one of the best in Canada. However, pensions for injured workers must be increased periodically to adjust for inflation.

Mr. Speaker, my colleague, the Minister of Labour (Mr. Snyder) introduced amendments to The Labour Standards Act during the fall sitting of the Legislature. During the spring portion, he will be introducing legislation to increase pensions for disabled workers and their dependents.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— Mr. Speaker, I have already indicated our plans to continue support for health care, to continue the pattern of improvement in the programs established over the last five years, and the funding which will be provided for some new initiatives in 1977-78.

While we will attempt, through increased productivity to restrain the costs of those programs which we administer directly, we will not default on our commitment to maintain the current high standards of programs which are provided by local

governments, school boards and others who rely on the Provincial Government for support.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— In this Budget there is a minimum increase of ten per cent in funding for these essential service areas. This is a higher rate of increase than that applied to our total spending program for 1977-78, even including the new programs we propose to introduce.

Mr. Speaker, let me review the list. Operating grants to schools up ten per cent; operating grant to universities up ten per cent; operating grants to regional and municipal libraries up ten per cent; unconditional grants to urban municipalities will be up ten per cent; equalization grants to local governments will be up by 11 per cent; grants for rural road construction and maintenance up by over 11 per cent; grants to the Saskatchewan Arts Board up by ten per cent; grants to Western Development Museum up ten per cent; subsidies to residents of special care homes up by ten per cent; grants to native groups, Mr. Speaker, will be up by 12 per cent.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— Mr. Speaker, we are confident that the people of Saskatchewan support our dedication to these important programs and that fair and even treatment has been provided to those agencies which directly provide them. To do less, Mr. Speaker, to hold these grants to low levels, would be an abdication of the province's responsibility.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— Mr. Speaker, I mentioned that the past five years have been years of great achievement in Saskatchewan. While providing important new services and programs we recognize the importance of balancing our budget over the long haul, of making sure that over an extended economic cycle our expenditures do not outstrip our revenues. That is why in 1973 we began to set money aside in a cash carry forward. In 1973 we set aside nearly \$31 million; in 1974, \$34.5 million; in 1975, \$23.3 million; and last year nearly \$24 million. These reserves, built up while the economy was strong, have provided us with a cushion of over \$100 million as a buffer in case of an economic slowdown. Indeed you will see that despite falling grain prices, 1976 was a pretty good year all around, and we are still optimistic about the future.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— Mr. Speaker, compared to the national economy, the Saskatchewan economy performed very well in overall terms.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— Mr. Speaker, in 1976 our Gross Domestic Product rose to \$7.2 billion, almost 15 per cent above the previous high record year of 1975.

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SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— Employment growth in 1976 nearly matched the record increases of 1975.

The expansion in employment continued to attract new residents to Saskatchewan, bringing the province's population to 942,000 by year end, 13,000 higher than a year earlier.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— Of course, 1976 was not without some problems, Mr. Speaker.

In 1976, Saskatchewan farmers produced the largest grain crop in the province's history. However, bumper crops in other grain producing countries lowered prices early in the crop year.

As a result, farm cash receipts declined to \$2.26 billion in 1976, still high by historic standards, but down 8.4 per cent from the record achieved in 1975. In addition, higher farm costs caused realized net farm incomes to decline 25 per cent in 1976.

However, the financial position of Saskatchewan farmers remains strong. In 1976, Saskatchewan farmers deferred approximately \$375 million of grain receipts into the 1977 calendar year.

Growth in other sectors of the Saskatchewan economy more than offset the declines in agriculture. As a result, personal income increased by almost ten per cent.

Retail sales remained strong in 1976, advancing by nearly 14 per cent over the year.

The Saskatchewan construction industry had a record year in 1976. The value of work performed increased by 25 per cent over 1975. Housing starts surpassed 13,000, another record performance in the Saskatchewan economy during 1976.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— Mr. Speaker, let me now look to the future.

Although grain prices should not go any lower, we cannot expect to return to \$5 wheat in the near future. In the meantime, the cash flowing in from the sale of previous years' crops should be a major factor buoying up farm incomes in 1977.

Payments from our cow-calf support program will inject \$31.5 million into Saskatchewan agriculture during 1977. While farmers should qualify for a payment from the Western Grain Stabilization Fund in 1977, payments will not be received until 1978 because of the necessity to calculate 1977 incomes. The time required by the Federal Government to process payments makes a payout before June of 1978 unlikely.

Cash farm receipts in 1977 should be close to last year's level, but higher operating costs will cause realized net farm income to decline marginally.

Mr. Speaker, I will now turn to other sectors of the Saskatchewan economy.

The development of Saskatchewan's mineral resources particularly potash, oil and uranium, is a major factor in the diversification of the province's economy. In 1977, we expect the value of mineral production to increase by nearly 23 per cent.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— We expect oil production to be up in 1977. The investment outlook for uranium is bright. The value of uranium production could very easily double in the present year.

Past gains in manufacturing and construction activity should be maintained in 1977. An expanded program by the Saskatchewan Housing Corporation will help to sustain residential construction in 1977 and bring a measure of relief from Saskatchewan's low vacancy rates.

Employment will advance again in 1977, although the growth rate is likely to moderate, Saskatchewan's unemployment rate will continue to be one of the lowest in Canada, Mr. Speaker.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— Saskatchewan's population will experience further growth in 1977.

Mr. Speaker, I look forward to 1977 with cautious optimism.

However, Mr. Speaker, the lacklustre performance of the national economy is of concern to all Canadians. The national effort to reduce inflation has had a high price tag; restrained growth and higher unemployment.

Notwithstanding the controls program, the Federal Government fashioned restrictive monetary policies to further check inflationary pressures in the early part of the year and failed to compensate for this action by sufficiently expanding job creating activities. The result was predictable. Real growth in the Canadian economy wilted after a strong first quarter in 1976, employment in Canada actually declined in the latter half of 1976, unemployment, already at unacceptable levels in 1975, averaged 7.1 per cent in 1976 and jumped to 8.8 per cent in January, 1977.

With 889,000 persons unemployed in January, 1977, probably the highest number since the depression, almost two million Canadians will belong to families having one member who is unemployed and looking for work. In addition, there are thousands of Canadians who have given up hope of finding a job and have stopped looking for work because none is available. These people do not even show up in the unemployment statistics, Mr. Speaker.

The cost of this economic mismanagement is enormous. We lose billions of dollars of output from people who want to work, and the cost in terms of human suffering and lost potential is huge. The problem is particularly acute in the Atlantic provinces and in Quebec. As Canadians, we should be ashamed of our

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failure to develop strong regional economic development policies.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— There is a clear case for decisive federal action to stimulate the economy. Only Ottawa can tackle the structural and regional problems inherent in Canada's high rate of unemployment.

At the federal-provincial Finance Ministers' meeting last month, I urged the Federal Government to make a personal income tax cut for low and middle income Canadians. A federal tax cut would increase the disposable income of Canadians and increase the demand for goods and services.

Some have argued that we need more tax concessions for business to encourage investment, Mr. Speaker. I reject this notion. Industry is presently operating at only 85 per cent capacity. A personal income tax cut would stimulate demand and assure business of a market for their goods. Hundreds of thousands of Canadians could be put to work without any additional investment. Further tax concessions are not necessary and will only serve to further shift the burden of taxation from corporations to individuals.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— Mr. Speaker, I am encouraged by the recent reductions in the Bank of Canada's prime lending rate. The Bank clearly recognizes that lower interest rates will foster a surge in consumer expenditure. But monetary policy is not enough, Mr. Speaker.

We need federal job creation programs in areas of the country where unemployment is particularly high. More federal funds should be directed to improve local government services to build new low and middle income housing and to regenerate older urban areas.

Mr. Speaker, it has been a year and a half since the Anti-Inflation Program was introduced by the Federal Government. Our Government supported the need for a program to fight inflation, but we have repeatedly called for changes in the program to make it more equitable on the wage side and more effective on the price side.

The debate on controls has now shifted to the means by which controls will be ended.

In our judgment, the sooner that controls are dismantled, the better. Prolonging the program will enlarge the inequities and distortions caused by controls without any assurance that the price level will be lower in the long run, Mr. Speaker.

We believe that an appropriate date for starting decontrols is March 31, 1977. Price controls should be phased out on the same timetable as wage controls, and no sooner.

As the process of decontrol begins, Saskatchewan will wind up the activities of the Price and Compensation Board. While we disagreed with many aspects of the control program, we participated in the program, because we felt it would be

inequitable to have wages and prices controlled in the private sector and not in the public sector.

I would expect that provincial public sector contracts which expire on or after the date the Federal Government begins to decontrol will also be decontrolled. In any case, I do not foresee the possibility that we would maintain controls on collective bargaining agreements which expire on or after September 30, 1977.

When controls are lifted, we do not expect a price explosion in the Saskatchewan public sector. We intend to monitor carefully the pricing activities of Crown corporations. With respect to public sector labour negotiations, we hope that the trade union movement and employers will recognize the need to co-operate in order to avoid a return to double-digit inflation.

Mr. Speaker, we are at the crossroads in the state of confederation in Canada and the issue of national unity was never more important. All provinces have been engaged in debates with the Federal Government over one thing or another, whether it be energy policy, jurisdiction over natural resources, cost-sharing of our major programs, freight rates or indeed the question of self determination. While these are not minor issues, or minor sources of disagreement, I feel that no useful purpose will be served by continuing to criticize the Federal Government on issues which have already been decided.

Mr. Speaker, we agree that the interests of national unity will best be served by a strong Federal Government which deals in a spirit of co-operation and common purpose with the various provinces and regions of Canada.

Because these issues as they relate to the financial relations with the Federal Government are so important, I want to outline to you, Mr. Speaker, and the Members of the Assembly and the people of Saskatchewan the impact which these last arrangements will have on our financial position. I will provide a brief overview of these new arrangements and detailed information on each of them can be found in a budget paper appended to the Budget Address.

Current arrangements with respect to hospital insurance, medical care and post-secondary education, in which the Federal Government pays approximately 50 per cent of the total actual costs, will be replaced by the Established Programs Financing arrangements beginning in April of this year. Under the new arrangement the province will be provided with a block of funding on an unconditional basis. The new funding will be made up of a per capita cash grant and a transfer of tax room which the province will occupy instead of the Federal Government. In the future, federal assistance will be completely unrelated, Mr. Speaker, to actual costs.

The current revenue guarantee program, under which the provinces were protected from the impact of their revenues of federal changes to the income tax system, will be eliminated.

The total financial impact of the new arrangements on Saskatchewan is significant. A continuation of the revenue guarantee and the cost-sharing arrangements would have yielded \$8 million more to this province in 1977-78. The new equalization formula, if it remains unchanged, will reduce Saskatchewan's entitlement by another \$24 million. A further \$10 million will

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be lost in 1977-78 because of changes in the proposed federal Social Services Act. In addition, there will be a lump sum loss of \$9 million because of the excess recovery by the Federal Government of the tax points transferred to the provinces in the first quarter of 1977.

Mr. Speaker, while I can appreciate the Federal Government's desire to control its spending, given the size of their deficit, it will be very difficult for the provinces to absorb the loss. It will be more difficult for the poorer provinces than it will for the rich. In Saskatchewan, we have already announced measures to replace the money lost through the cancellation of the revenue guarantee.

Whatever steps are ultimately necessary, one thing is clear in our minds. We are determined that our programs of health, medical care and post-secondary education will receive continuing support in order that Saskatchewan can provide its residents with standards of service equivalent to that of any in Canada, Mr. Speaker.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— When I said that I was optimistic about 1977, I emphasized that I was cautiously optimistic.

I am cautious because we are vulnerable to a variety of economic problems, many of which are not of our making. In many instances they are beyond our control. problems such as inflation, unemployment and slow economic growth at a national level are national problems. When these national problems are compounded by a temporary slump in a major sector of a provincial economy, it is necessary, Mr. Speaker, to be cautious.

There is a greater challenge to the province to continue to provide public services at costs that we can afford. This problem is complex, Mr. Speaker, and defies any simple solution. The easy way would be to slash the public service, to impose arbitrary cutbacks on essential services, to forget about new programs. Such an approach would neither serve the best interest of the people of Saskatchewan nor provide long term solutions to the problems confronting our economy. What is needed, and what this Budget does, Mr. Speaker, is to provide a variety of responses to a variety of problems.

Mr. Speaker, in 1973 during that budget address presented by my colleague the Hon. Elwood Cowley, he set forth this Government's approach to long term fiscal planning. I would like to quote a few paragraphs from that address:

In terms of the Government's role in the economy and its responsibility to the people of Saskatchewan, the policy of a balanced budget in each and every year is not necessarily a sound approach.

The adoption of long term fiscal accounting means that the financial statements of the province will more accurately reflect the longer term approach to fiscal planning.

We firmly believe that responsible government today requires the development of programs over an extended economic cycle. Because of the increased complexity of

government programming and financing, the traditional procedure of reporting budgetary surpluses or deficits on an annual basis is no longer adequate.

Under the new concept which is being introduced this year, (that's 1973), deficits or surpluses will be reported and charged to net assets over a period which coincides with an extended economic cycle.

Mr. Speaker, this means that in good years we will put money away so that we have something to fall back on when the economy slows down. When we began this policy in 1972-73, the Saskatchewan economy was on the upswing from the doldrums of 1970 and we ended the year with a cumulative cash carry forward of \$30.8 million. In 1973-74 we added an additional \$34.5 million and at the same time set up the Community Capital Fund with a \$47 million grant. In 1974-75 we added a further \$23.3 million to the cumulative cash carry forward.

Mr. Speaker, the Public Accounts for the year ending March 31 of 1976 show budgetary cash inflows of \$1,193 million and budgetary cash outflows of \$1,170 million. As a result, the cumulative cash carry forward at the end of the 1975-76 fiscal year increased by \$23 million to \$111.6 million.

In the budget I presented one year ago, cash inflows were estimated at \$1,330 million and cash outflows were estimated at \$1,328 million. Since that time, unforeseeable expenditures have increased our estimates. The Beef Industry Assistance Program contributed \$31.5 million to this increase; this meant that \$31.5 million of direct benefits went to the beef producers of this province. In addition, increased hospital salary costs, disaster assistance, accounted for another \$21.75 million of unanticipated expenditures.

We currently estimate that the budgetary expenditures for 1976-77 will reach \$1,381 million. We expect budgetary revenues for the 1976-77 fiscal year to reach \$1,336 million. Individual and corporate income tax receipts are anticipated to exceed the estimated amount that we made last year by \$58 million. But this increase will be offset by a substantial reduction in receipts from equalization. 1975 was an exceptional year for the Saskatchewan economy, but a year of no real growth for the country as a whole. As a result, our position relative to the rest of the country improved dramatically and our equalization has been reduced accordingly. Our entitlement for 1976-77 had been reduced over the course of the last year from \$102 million to \$48 million. Interest revenue to the province will likely exceed the estimate by \$15 million; however, potash revenues are expected to fall by \$18 million below estimates due to the large amount of outstanding taxes, Mr. Speaker, and Members of the Opposition.

As of January 1, 1977, the potash companies have still to pay approximately \$40 million in outstanding taxes, according to our calculations, Mr. Speaker.

In summary, we expect a drawdown of the cumulative cash carry forward of \$45 million in 1976-77. This will leave a cumulative cash carry forward of almost \$67 million, a sizeable cushion to help bridge the uncertain times ahead.

SOME HON. MEMBERS:— Hear, hear!

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MR. SMISHEK:— Mr. Speaker, I have already indicated that the fiscal arrangements with the Federal Government will begin in 1977. These arrangements include replacing part of what we now receive in cash for hospital insurance, medical and post-secondary education, with tax room.

What does this mean, Mr. Speaker? It means that the Federal Government reduces its income taxes by a certain amount and we raise ours by an amount necessary to levy the same total tax.

Mr. Speaker, in the old system there were 145 points of the total tax. I want the Members of the Opposition to listen because I know that they will want to twist and turn these figures to suit their purposes, but there were 145 points altogether. The Federal Government levied 100 points. We levied 45 points, for a total of 145. Now they gave up nine of those points so they will levy now their old 100 minus nine for a total of 91. We took the nine they gave up and we will levy 45 plus the nine for 54. In the new system they will levy 91 and we will levy 54, for a total of still 145 old points. Nothing has changed, Mr. Speaker. Remember, I said there were 145 and we end up with 145.

But provincial taxes are expressed as a percentage of the federal tax, Mr. Speaker. That's the way the current tax collection agreement works and that's the way the Federal Government wants to keep it. If we must express our tax as a percentage of their tax, obviously our new base must relate to their new base. Our new base is 45 plus nine for a total of 54, their new base is roughly 91. Our new tax base is a percentage of theirs, as every school boy will know $54 \text{ over } 91 \text{ times } 100 \text{ equals } 59.6$, which is our new tax base.

Total taxes have not changed, but in order to implement the new federal arrangements, our rates have gone up while theirs have gone down.

Let's give you another example, Mr. Speaker. A taxpayer with an income of \$15,000 and claiming a spouse and two children, would pay the same total federal and provincial taxes before and after the tax transfer, but provincial taxes would rise by \$174 and federal taxes would fall by the same amount. And, Mr. Speaker, this isn't unique to Saskatchewan. The same thing is going to be happening in every province in Canada.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— Mr. Speaker, a fuller description of the mechanics and the Established Programs Financing tax transfer is included in the appended budget papers and I invite the Opposition Members to read those documents and become informed.

Last December I announced an interim adjustment in our personal income tax rate from 40 to 45 per cent. This increase was necessary because of Saskatchewan's \$40 million loss as a result of the termination of the Federal Government's Revenue Guarantee Program.

As you know, Mr. Speaker, the provinces were less than successful in getting Prime Minister Trudeau and Finance Minister Macdonald to recognize the impact of the cancellation

of the guarantee on provincial revenues. As partial compensation, and in an attempt to bring an early end to the existing arrangements for hospital insurance, they offered one point of tax room and an equivalent amount in cash.

As a result, Mr. Speaker, I am pleased to announce a personal income tax reduction for 1977 to a total of almost \$12 million.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— This will be accomplished in two ways.

First, the tax point given by Ottawa will be passed on directly by lowering the provincial rate for 1977 from 59.6 to 58.5. This will save the taxpayers \$6 million, Mr. Speaker.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— Secondly, Mr. Speaker, Saskatchewan's across-the-board \$100 tax cut will increase to \$120 in 1977.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— This will pass on to the Saskatchewan taxpayer a further \$6 million, equal to one Saskatchewan tax point. Provincial income tax will be eliminated for all taxpayers with less than \$1,700 of taxable income. About 55,000 taxpayers are taken off the provincial tax rolls as a result of this tax cut.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— Mr. Speaker, in effect, the interim rate adjustment I announced last December is being reduced from five to three points. Because of the tax savings from indexing which increase the personal exemptions and raise the income tax brackets, all Saskatchewan taxpayers will pay less federal and provincial income tax in 1977 than they paid in 1976, at the same level of income.

Mr. Speaker, to ensure that revenue from petroleum products continues to represent a fair share of our total provincial revenue and to encourage conservation of dwindling natural resources, the tax on gasoline will be increased from 15 to 19 cents per gallon and on diesel fuel to 26.6 cents per gallon effective midnight tonight. The tax on fuel used for off-road purposes will be raised to six cents per gallon. In case anybody is not clear on that, that's not farm fuel, purple gas will still be tax free, Mr. Speaker.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— These tax increases will generate approximately \$17.3 million for 1977-78.

Effective midnight tonight, tax on cigarettes will be increased to 20 cents per package of 25 cigarettes.

SOME HON. MEMBERS:— Hear, hear!

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MR. SMISHEK:— The tax rate on tobacco will increase to four cents per half ounce and there will be a corresponding increase in the tax on cigars.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— Increased taxes on tobacco products will generate approximately \$4.6 million in 1977-78.

Mr. Speaker, Saskatchewan has had a long history of succession duty and gift tax fields. When the Federal Government abandoned the national taxation of wealth through estate and gift taxes in 1972, Saskatchewan introduced a succession duty and gift tax because we believed a tax on wealth is a fair tax.

The decision by the Federal Government to stop collecting these taxes on behalf of the provinces at the end of 1974 led the Atlantic provinces to eliminate these taxes. In January of this year the Government of British Columbia announced its decision to discontinue its succession duty and gift tax, leaving only four provinces that continue to levy these taxes and among these four, Quebec has been phasing out its tax.

Succession duties and gift taxes have been a source of great concern to farmers and small business owners in Saskatchewan, in spite of the fact that less than three per cent of estates in Saskatchewan are subject to the tax, there is a widespread opinion that the successors of the average citizen will be subject to this tax.

Mr. Speaker, I, therefore, wish to inform the Assembly, that effective January 1, 1977 the succession duties and the gift tax will be eliminated.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— Mr. Speaker, I will now watch the Opposition, whether they will vote against this Budget.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— If they vote against the Budget they are against eliminating this tax.

May I also make a further announcement that effective January 1, 1977, Saskatchewan will introduce a dual rate for computation of corporate income tax. For those businesses that are eligible for the federal Small Business Deduction, the rate will continue at 12 per cent. For those businesses that do not qualify for the Small Business Deduction, the new rate will be 14 per cent. Other provinces have the same kind of a formula, Mr. Speaker, we are not establishing a new precedent.

Mr. Speaker, in looking at our fiscal position for 1977-78, it is obvious that we have entered a period in which there will be a slowdown in the rate of growth of provincial revenues. This has direct implications for our expenditure plans for 1977-78.

We recognize the need for some degree of restraint, but we also recognize the need to continue current levels of service and program support in education, in health care, and in support to local governments.

We consider our commitments in these key social areas stronger than the need to balance the budget in each and every year. This Budget maintains the current level of services and programs and provides for new initiatives as well. At the same time restraint will be applied to programs delivered directly by the Provincial Government. Mr. Speaker, this strategy represents a responsible commitment to the priorities of the people of Saskatchewan.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— The total expenditure level planned for 1977-78 of \$1,513 million represents a 9.5 per cent increase in spending over the revised level for 1976-77 of \$1,381 million, and 14 per cent over the Blue Book estimate of \$1,381 million. This represents a significant reduction in the rate of increase of expenditure since 1974. This reduction, which we have accomplished by selectively cutting back on direct provincial programming has been true for both estimated and actual expenditures.

The level of civil service has been held almost constantly for the last two years. The total number of permanent positions provided in this Budget is 10,775, an increase of 158 over the 1976-77 level. At the same time the number of non-permanent positions has declined from 3,378 to 3,083, a reduction of 295 in total person years. This Government has held the line on the growth of the civil service.

Mr. Speaker, we think that this is a more responsible approach to controlling expenditure growth - not by cutting grants to local governments, school boards, or hospitals - not by eliminating new programs for people - but slowing the rate of growth over time by careful attention to value received for dollars spent.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— I shall now summarize our fiscal position for 1977-78. Budgetary cash inflows will reach \$1,473 million. Budgetary expenditures will amount to \$1,513 million, a 9.5 per cent increase over the revised 1976-77 estimate, and a 14 per cent increase over our original estimate for 1976-77. We anticipate a net cash decrease in 1977-78 of \$39.7 million resulting in a cumulative cash carry forward at the end of March, 1978 of \$26.9 million.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— Mr. Speaker, let me state that in this Government's approach to long term fiscal planning it is our intention to balance our cash inflows and cash outflows on a long term basis. In periods of prosperity, we recognized the need to increase our cash carry forward. We are now heading into a period of slow to moderate economic growth and we believe that it is time to make use of the surplus cash reserves that were accumulated in the past.

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Mr. Speaker, in 1976 the province borrowed a total of \$345 million. This was for Saskatchewan Power Corporation, Sask Tel, for FarmStart and for Sask Housing.

In June of last year we had a review of the credit of the province by the two major credit rating agencies in the United States. I'm happy to report, Mr. Speaker, that the province's credit rating was upgraded from 'A' to 'AA', a further illustration of the strong financial and economic position of the province. Only one province in Canada enjoys a higher credit rating in the United States than Saskatchewan. Mr. Speaker, this permitted Saskatchewan to borrow at lower costs than most other provinces.

In 1977 we see the possibility of employment decreasing, for that reason we are going to be spending additional funds through our Crown corporations and through our utilities to create additional jobs.

The total capital expenditure for Crown corporations will be something in the order of \$494 million of which they will generate from their internal revenues about \$154 million, leaving \$340 million to be borrowed.

Mr. Speaker, that is our Budget for 1977-78. It is a confident Budget. A realistic plan for the year ahead. It is realistic, Mr. Speaker, because it recognizes that after five years of unprecedented growth and prosperity in Saskatchewan, we face some levelling off in growth in the year ahead. It is realistic because this Budget recognizes that we cannot forever remain immune to the uncertain performance of the Canadian economy of which we are a part.

It is realistic because it deals with the fact of a partial withdrawal of federal funding for cost-shared programs.

It is a confident Budget, Mr. Speaker, because in the face of these realities it does not look backward. This confidence is reflected in our determination to maintain and improve the high standards in health care, education and social programs in the year ahead. This confidence is evident in our commitment to increase the supply of housing, to expand assistance to municipalities, to help build new recreational and cultural facilities in the communities.

We are able to maintain this momentum because of the prudent policies of this Government in building up a substantial reserve in years of economic growth.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— Mr. Speaker, I spoke a moment ago about Saskatchewan's economic interdependence with the rest of Canada. That I stressed economic matters may, I hope, be forgiven a Minister of Finance. I want to close on a somewhat different note.

I speak not as a Minister, but as a Member of one of eleven responsible parliamentary assemblies in Canada. The debate launched on November 15th in our sister province of Quebec has thrust new and important responsibilities on each of us. As partisans, both regional and political, we have often focussed our attention upon those things which divide us. That in itself is not necessarily bad. It is part of the tradition of the

democratic process. It is part of the tensions of a federal system. But we have always taken it for granted that we have one overriding interest. And that is that we are Canadians first. All else follows.

We must now re-order our priorities. Not that we diminish our differences. Not that we forget about regional inequities. This is the stuff of which Confederation is made. I believe there is a job to do in demonstrating that Confederation works and in persuading the people of the Province of Quebec that Confederation is a better idea.

SOME HON. MEMBERS:— Hear, hear!

MR. SMISHEK:— Mr. Speaker, with that priority in mind, I move that this Assembly do now resolve itself into the Committee of Finance, seconded by my seatmate, Mr. Bowerman.

SOME HON. MEMBERS:— Hear, hear!

MR. W. C. THATCHER (Thunder Creek):— Mr. Speaker, I believe something good must come out of anything, even after something as hilarious as what we just heard.

Mr. Speaker, I would like to congratulate the Minister of Finance on, finally, after five years of telling you how many people have left this province because of your horrible, vicious estate tax, telling you about the revenue that this province has lost, that finally into that thick collective skull of that Government over there, you have finally gotten something through your heads.

SOME HON. MEMBERS:— Hear, hear!

MR. THATCHER:— Even though the congratulations are coming rather late, thank goodness for the people of Saskatchewan that some level of sanity has been demonstrated in the Budget.

Mr. Speaker, a budget should always have a name, and several terms went through my mind in the past hour and one-half, such as the 'laughing budget', or the sort of budget as we might term it in the cattle industry, but I rejected that one. The one that we may use in the grain business, we call that the 'chaff budget'. I think the appropriate name for this Budget is the one that is so appropriately displayed by the Members opposite, by the colours of their carnations, because never has the word 'red' more aptly described a budget, not only philosophically, but in the red ink which it has entailed.

SOME HON. MEMBERS:— Hear, hear!

MR. THATCHER:— Mr. Speaker, we have just gone through the year of 1976 which, if I may quote the Premier of the province, I believe described that year. Very quickly I will quote him in the Saskatchewan Economic Revue of last October:—

Saskatchewan's economy continues to set records for prosperity. Nearly every economic indicator is at a peak. Our population is steadily increasing, our labour force has exceeded 400,000. 1976 has been a banner year

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for agriculture, with one of the largest crops in the history of our province. The non-agricultural sector continues to expand. 1976 has been a prosperous year ...

Now I can't add very much to that, because the Premier is exactly right. We had record revenues in petroleum and natural gas. We have had record revenues from the potash industry. We have had record revenues from sales tax. Individual incomes have been up, particularly in the farm sector. Even though they only make up 22 per cent of that group, the effect that they have on that economy is far in excess of that figure. We have had a record number of housing starts. We have had a record number of overall construction starts. And we have also had a very, very good year in terms of receipts from the Federal Government.

Mr. Speaker, it was a record in everything, a year like we have never known in Saskatchewan and may never have the opportunity to know again.

And what has the Government got the audacity to do? Three days before they walk in here and announce that we are short \$45 million from last year, they have the audacity to announce that we have spent \$144 million on a potash mine three days ago.

Mr. Speaker, I think a very plausible question to put to the gentlemen across the way, is there some sanity anywhere over there? Does anybody know the difference between a dollar and a Chargex card?

Mr. Speaker, after the most incredibly buoyant year that we have ever had, what has the Minister gotten for us? Well, he has gotten us just about everything. He has given us increases in gasoline tax and income tax. He has increased taxes on small business, increased rates at SGIO, increased rates in Sask Tel, and the most abominable thing of all, he has increased the cigar tax. Mr. Speaker, there is simply no plausible, sensible, economic reason for being in a state such as this. It is simply unbelievable that we are in a deficit position.

Mr. Speaker, it makes one wonder, in fact it makes one recall the budget debate of about one year ago when the Opposition suggested to you that you were budgeting for a deficit at that time. The idea was violently denied by Members opposite. I can remember very vividly the speech of the Premier of the irresponsible Opposition at that particular time. In fact, one really wonders about their capacity to budget. Last year they budgeted \$370 million to come in from the Federal Government and yet it would appear, at least by the figure given by the Department of Finance to me today, that the figure of only \$298 million has arrived. Now that has got to be the most straight forward budgetary item for the Budget Bureau to come up with. How much are they going to get from the Federal Government? That has got to be about as basic as it comes. And yet our Budget Bureau or this Government is out \$66 million. Mr. Speaker, I don't think for one moment that the Budget Bureau was out \$66 million; I think this Government was out \$66 million.

SOME HON. MEMBERS:— Hear, hear!

MR. THATCHER:— You used that figure because you knew that you were looking at a deficit and now when it hasn't come true, under the formulae which have been in effect, which are not affected by any tax changes today, you end up \$66 million short. I suggest

to that Government that you knew full well one year ago when you presented your budget that you were presenting a deficit budget. It was at that time called a budget of deceit and those words have been very prophetic. They have been proved unquestionable today.

SOME HON. MEMBERS:— Hear, hear!

MR. THATCHER:— Mr. Speaker, if it is not enough to have a deficit budget from last year after the conditions that we have experienced in this province, to have another deficit budget in the pit right now is just absolutely unbelievable. There are times when a deficit budget may have relevancy but there are times when we have had down turns in the economy for a prolonged period of time. To be forced to budget for a deficit after your peak years is a strict indication that this Government has totally and completely lost control of this economy. It is an indication that finally this Government is squeezing the system further than it can be squeezed, and as the socialist theorist found in Great Britain many years ago, you can only squeeze that system that produces your wealth so far and there comes a point when it just can't produce. And I suggest we are very rapidly, if we haven't already, approaching that point.

I find it an incredible thing that the Government can again be commencing with the record borrowing, that they are going into on the basis of this Budget and before somebody jumps up and say; "We are still the lowest per capita in western Canada," spare me that one. Before we went into this Budget we were in debt. Our total provincial debt was about \$1,304,000,000. With your increased borrowing for this year the increased debt of this province is \$1,645,000,000. Pro-rate this down to our population, the per capita debt of every man, woman and child in this province is now \$1,675. I've read the book. I challenge you to refute it. Its new per capita debt is \$1,675 for every man, woman and child, that is \$1,675 that every wage earner in this province must pay interest on. I would point out to the Minister that every time this Government borrows \$100 million our per capita debt goes up by \$100 or slightly more than that. And so your per capita debt is an indication of our relative economic position and really relatively irrelevant when you take the small population that we have in Saskatchewan. You can change it so drastically by large levels of borrowing as evidenced here today.

Mr. Speaker, I listened with some degree of interest to the Minister's very predictable whining about his shabby treatment from the Government in Ottawa. I listened with a great deal of interest to the figures that he has been quoting about what this new Established Programs Financing that Ottawa has proposed implementing, is going to cost the province. Mr. Speaker, I suggest to you that many of the figures that have been put forward by the Minister today are gibberish. I suggest to you that under the new system, over a five year period, Saskatchewan will realize considerably more income from the Federal Government than has been the case in the past. I don't propose to go into this, Mr. Speaker. I propose to document this at a later date and I can only say that the problems which this Minister of Finance has led this province into, this Government, is a greater mess than any comparable government has ever done. I can only think that perhaps some sort of prayer for the taxpayers of Saskatchewan may be in order.

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It so happens that one of my constituents happened to send me a version of the 23rd Psalm. He sort of modernized it as it pertains to Saskatchewan today:

The state is my shepherd,
I need not work.
It alloweth me to lie down on good jobs
It leadeth me beside still factories
It destroyeth mine initiative
It taketh me on the paths of a parasite for politics' sake
Yea though I walk through the valley of laziness and depths of spending
I will fear no evil
For the Government is with me
It prepareth an economic utopia for me
Out of the earnings of my grandchildren
It filleth my head with security
My inefficiency runneth over
Surely the state shall care for me all the days of my life
And I shall dwell in a fool's paradise forever.

Mr. Speaker, in the midst of this fool's paradise I would beg leave to adjourn the debate.

Debate adjourned.

MOTION

BUDGET DEBATE

MR. SMISHEK:— Mr. Speaker, by leave of the Assembly, I move, seconded by the Hon. Mr. Bowerman:

That the debate on the Motion, "That this Assembly do now resolve itself into the Committee of Finance" be resumed on Monday, March 14, 1977.

Motion agreed to.

The Assembly adjourned at 4: 05 o'clock p.m.