

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
Fifth Session — Eighteenth Legislature
2nd Day

March 7, 1978.

The Assembly met at 2:00 o'clock p.m.

On the Orders of the Day.

QUESTIONS

Oil Industry Coming Back

MR. E.C. MALONE (Leader of the Liberal Opposition):— Mr. Speaker, I should like to direct a question to the Premier. In recent weeks the Premier has to a certain extent been resembling the Stephen Leacock character that rode madly off in all directions. In the Premier's case it's been travelling about the country sloganeering, "jobs today, energy tomorrow". I can't help but think, Mr. Speaker ..

SOME HON. MEMBERS: Hear, hear!

MR. MALONE:— .. it should be "jobs yesterday, energy today".

SOME HON. MEMBERS: Hear, hear!

MR. MALONE:— The question is, Mr. Speaker, do I take it from the Premier's remarks that there is going to be a change in priorities of your government and that indeed when you come to set the tax rate under Bill 47, you are going to do so in such a manner that it will create a condition that will cause the oil industry to come back to Saskatchewan after the disastrous results of Bill 42, develop the resource that we have and indeed create the jobs that we so desperately need and the energy that this country and this province so desperately needs?

HON. A.E. BLAKENEY (Premier):— Mr. Speaker, I wouldn't want the hon. member to leave the impression that the only source of energy is petroleum. I think it is important that we underline the fact that there are a good number of other sources of energy. We propose to proceed with developments which will generate more electric power and generally to examine other possibilities for creating energy for Canadians tomorrow.

But to deal with the specific subject you raise about the oil industry, I would be very happy if the oil industry continued to come back at the pace that it came back in the year 1977 and is coming back in the year 1978. I have wells drilled in front of me for the first two months of 1977 being about 28, the first two months of 1978 being 50, a virtual doubling.

SOME HON. MEMBERS: Hear, hear!

MR. BLAKENEY:— A virtual doubling of the footage drilled. All of that represents, I think, a clear indication that the oil industry in this province is booming and I expect it will continue to boom for a good time to come.

MR. MALONE:— A supplementary question, Mr. Speaker. Some boom! I happen to have some statistics in front of myself as well, Mr. Premier. I wonder if the Premier is aware that as of the last day of February of this year that there is the grand sum of eight rigs drilling in Saskatchewan compared to 1973's figures where there were 19 rigs;

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compared to Alberta's figures where at the same period of time there were 253 rigs compared to 1973 figures of 234 rigs.

The question to the Premier is, would you not agree that Bill 42 absolutely strangled the oil industry and it is incumbent upon you under Bill 47 to recreate an atmosphere to get this industry back into this province and you can only do so by changing the tax structure to make it attractive to the industry.

SOME HON. MEMBERS: Hear, hear!

MR. BLAKENEY:— Mr. Speaker, may I make two observations in reply to that question. Firstly, the hon. member is clearly creating the impression that there is significantly more drilling for oil in Alberta than there was in 1973, when he well knows that most of those rigs to which he refers are drilling for natural gas. I wish we had the same geology for natural gas as the foothills have shown in the last year or so, then we would indeed have that degree of natural gas activity. But the decline in oil well exploration in Saskatchewan has been marginally less since 1973 than the decline in oil exploration in Alberta. So that there is, looking at the oil industry, very little difference in percentage terms in the performance of the industries between 1973 and 1977 in the two provinces. I think that's the first point to be made.

The hon. member further suggests that the oil industry is being driven out by these high rates of royalty. I point out that the royalty rate in this province is significantly higher than it was in Alberta. I know that if hon. members opposite had their way there would be since 1973 something between \$400 million and \$500 million in the till of the oil companies which is now in the till of the people of Saskatchewan ..

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER:— Order, order! I think this question has engendered a fair amount of debate, perhaps we can go on to a new subject. The member for Rosetown-Elrose.

Charitable Organizations

MR. R.H. BAILEY (Rosetown-Elrose):— I would like to direct a question to the Minister in charge of Consumer Affairs. During the last session I directed a question to the Attorney General and to you, sir, regarding your government's regulations concerning that which you call charitable organizations. During the past weekend we witnessed a charitable organization, a service club, the Kinsmen, with another Telemiracle. According to the regulations which your government has passed, such organizations as Kinsmen, Legion, and other service clubs are not considered as charitable organizations. As a result of that a hardship is being imposed upon these organizations across Saskatchewan in view of the fund raising projects that not only they are planning but those under way. With the amount of information that you have received in opposition to this, Mr. Minister, are you now prepared to change the definition as to what constitutes a charitable organization in Saskatchewan?

HON. E.C. WHELAN (Minister of Consumer Affairs):— Well, Mr. Speaker, first we should point out that the term "charitable organization" comes from the Criminal Code of Canada which dictates what we can or cannot do. A charitable organization has to be a non-profit organization that operates for four reasons: 1. For general education; 2. For education or religious organization; 3. For the alleviation of poverty; 4. For the general benefit of the community. What the hon. member is saying regarding these service

clubs is absolutely, completely false. It is not right at all. I will say this to you, that I will bet you anything that you want to bet that they've never made an application to the Department of Consumer Affairs because I know of no one that's made such an application and has been turned down.

MR. BAILEY:— Mr. Speaker, the minister is well aware that I have received a number of letters, of letters that have been sent to you. My question to you, Mr. Minister, is this: are you not aware that because of provincial regulations which were passed by Order in Council concerning charitable organizations and lotteries that there are hundreds of organizations and projects in Saskatchewan at the present time that cannot be completed because of regulations passed by your government? The answer is simply Yes or No.

MR. WHELAN:— Well if you ask a question, when are you going to stop beating your wife, you can't answer that kind of a question.

You have come to the conclusion that that's the case. As a matter of fact, Mr. Speaker, the hon. member has told everyone that that's the case. He thinks he makes the regulations and makes the laws but that is not so. If it is for a charitable purpose these people are automatically and completely eligible, and if they are a non-profit organization, if it is a service club, if it is a community club there is not a doubt in the world that they can get a licence and they have been getting them. We know of none that have been turned down but we hear over and over again that there are hon. members such as the member who has just spoken who is going around telling everybody this but that is not the case.

School Board Budgeting — Gas and Electricity

MR. G.H. PENNER (Saskatoon Eastview):— A question to the minister in charge of the Saskatchewan Power Corporation. During budget review procedures with the Department of Education officials and school boards, school boards have been told that it would be wise for them to budget increases for gas and electricity in the coming year in percentage amounts that range from 26 to 21 per cent respectively. I wonder if the minister would indicate when these rates are going to come into effect and whether or not they are going to apply to the broad sector of Saskatchewan generally.

HON. J.R. MESSER (Minister of Mineral Resources):— Mr. Speaker, in answer to the member's question, we have made no decisions in the Saskatchewan Power Corporation in regard to rate increases either for electricity or natural gas. I would suspect that during negotiations that he refers to, those people who were indicating to the school boards likely increases were looking at the jurisdictions that surround us, and in those instances the increases are expected to take place in the approximate area that he made mention of. That is not to say, Mr. Speaker, they will take place in Saskatchewan.

MR. PENNER:— A supplementary question, Mr. Speaker. In light of what the minister has just said, I think it is fair to assume that the information passed on to school boards is reasonable.

I wonder if the minister would not agree that when one examines the amounts of money that SPC has been transferring to the general revenues of the province — at the beginning of 1974 with just over \$3 million and 1977 with just over \$15 million, that in effect we are talking about an indirect form of taxation.

MR. MESSER:— Mr. Speaker, the member knows full well that the Saskatchewan Power Corporation's electrical division has lost money for two years. The reason for that is that it charges less for electricity in the province of Saskatchewan than do corporations surrounding this province. In addition, Mr. Speaker, I would ask the member to listen carefully to the Budget Address which will be given in a few minutes.

Demurrage Charges

MR. L.W. BIRKBECK (Moosomin):— Mr. Speaker, I would like to direct a question to the Premier on a matter of pressing public importance. Mr. Premier, will you move immediately to press the federal government to act now without any further delay, to negotiate with the railways and the Canadian Wheat Board to save the loss of millions of dollars of farm income as a result of demurrage charges caused by the pile up of ships on the west coast?

MR. BLAKENEY:— Mr. Speaker, I am not aware that there is anything unusual about the situation. There have been demurrage charges since I have been in politics. I have only been around for 17 or 18 years and there have been these problems arising. We certainly will raise these with the federal government as we have on many previous occasions. We certainly will urge that these charges, which result primarily from the fact that our rail transport system is not adequate to move heavy volume goods to the west coast. We will certainly urge that this transportation system be upgraded. We have done that. We have urged that the Hall Commission recommendations be adopted, that measures which are contained in the Hall Commission Report which would alleviate this problem be adopted, and I can only ask that all members of this House ask other provincial governments in Ontario and Manitoba and Alberta to join with us in asking that the Hall Commission recommendations be implemented speedily.

HON. MEMBERS: Hear, hear!

MR. BIRKBECK:— A supplementary, Mr. Speaker, to the Premier. If the Premier thinks that he sees that there is nothing unusual and there is in fact something very unusual and different about this inasmuch as the costs are even higher, the highest they have ever been. Mr. Premier, very simply, the question is, will you at the very least immediately request the federal government to pay for these rising costs as a result of this foul-up?

MR. BLAKENEY:— Mr. Speaker, I will join with my fellow prairie premiers in considering this problem and if I can get the support of the two prairie premiers to make this sort of a suggestion I will most assuredly do so. I think that it is wise that we act in concert on these matters since, I think we'll all agree, that we represent the wheat growing area of Canada and it is wise that we act in concert so as to promote the interests of the grain growers of western Canada.

Feed Freight Assistance

MR. R.E. NELSON (Assiniboia-Gravelbourg):— Mr. Speaker, a question to the Minister of Agriculture. In view of the recent storms that caused blocked roads and difficult conditions on the farms, with the long winter and no sign of an early spring, has the government extended the date of March 1st to April 15th so that the farmers and ranchers can take advantage of the feed freight assistance?

HON. E. KAEDING (Minister of Agriculture):— Mr. Speaker, we are aware of the problem that is out there, particularly in southwestern Saskatchewan and we have made representations to the federal government to continue to help us in the transportation of fodder to the farmers in southwestern Saskatchewan and I expect to be making an announcement in a few days.

MR. NELSON:— Supplementary, Mr. Speaker. With the winter conditions still existing and with full knowledge that cattle are on a full feed ration at the present time and will be for many weeks, why is there any hesitation by the minister to immediately tell cattlemen that this deadline must be and will be extended?

MR. KAEDING:— Mr. Speaker, I think you understand that our negotiations up to this point in time have been with the federal government in an assistance program to these producers and we think it is only proper that we should continue those negotiations. We have been given reasonable assurance that this program will be extended by the federal government, with their assistance. If they are not prepared to extend it I am sure that we will take care of our share of the obligation in any case.

MR. NELSON:— A further supplementary, Mr. Speaker. Can the minister assure the farmers at this time that any feed haul between March 1st and onward will be given assistance?

MR. KAEDING:— Mr. Speaker, whatever decision is made will be made retroactive to that period.

Introduction of Education Act

MR. W.H. STODALKA (Maple Creek):— Mr. Speaker, I noticed today that we had 10 bills that were introduced at the last sitting of the Legislature re-introduced, the Education Act was not among the 10 that were introduced this morning. Would the minister indicate when and if he is going to introduce the Education Act at this sitting of the Legislature?

HON. D.L. FARIS (Minister of Education):— Yes, the answer is the bill will be introduced in due course.

MR. STODALKA:— Would the minister indicate if there are going to be any significant changes made? Is he going to introduce it in an amended form and would he indicate whether or not there are going to be changes particularly to matters relating to teacher tenure?

MR. FARIS:— I am sure the member will be able to ascertain that when he reads the bill.

Cable Television

MR. J.G. LANE (Qu'Appelle):— Mr. Speaker, I would like to direct a question to the minister responsible for cable television in the province. In light of the Premier's announcement that the government intends to carry CPN even further down the road to ruin by being prepared to absorb the cost of the filters and the converters, and I understand subsequently pass on that charge to the subscriber, would the minister now — I said supposedly — would the minister now be prepared to tell us the source of the converter costs and also the source of the filters being purchased by Sask Tel and secondly when those purchase orders were made?

MR. BYERS:— Mr. Speaker, I would like to answer that question because it comes in the category of cable hardware. The converter, or the magic box as it is called by those in that form of business is presently being developed. There is no such converter presently available on the market that will meet the particular situation that exists in Saskatchewan and, therefore, the Crown corporation Sask Tel, is at present working with at least one firm to develop a suitable converter. There have been one or two prototypes made but they are not 100 per cent satisfactory. And I want to bring also to the hon. member's attention that no such converter can be used until it is approved by the CRTC.

MR. LANE (Qu'Appelle):— Supplementary then, Mr. Minister. We have had an assurance, I believe in the press conference last Thursday, by the Premier that these would be supplied to CPN to allow CPN to begin operating. You are in fact now telling us that there are no converters available; that in fact CPN will not be able to operate without these converters; that the Premier in fact misled the public; CPN in fact cannot exist until such time as those converters are ready. Why don't you withdraw your support from CPN and let the people of Saskatchewan get cable television and get it now?

MR. BYERS:— Mr. Speaker, I will try to correct some of the wrong assumptions that the hon. member has about this whole program.

First of all, when a satisfactory converter is developed and approved by the CRTC it will be provided as any other piece of telephone hardware is provided. We don't charge the hon. member, Sask Tel doesn't charge the hon. member for the telephone in his house or residence. The cost of that is recovered in his toll rate. And when a suitable converter is built and approved and installed Sask Tel will recover the cost of that through its charge to CPN and not directly to the CPN subscriber as the member consistently prattles around this province when we have said many times in this House that the rate will be in agreement between Sask Tel and CPN, not directly between Sask Tel and the individual subscriber.

MR. SPEAKER:— I think I will take a new question, the member for Indian Head-Wolseley.

Payment for Cable Television

MR. C.P. MacDONALD:— I would also like to direct a question to the Minister in charge of Cable Television.

Would the minister indicate, is it a fact, subscribers in the province of Saskatchewan that have signed up for CPN are now receiving whatever the word is, all the channels, the ordinary cable from Cable Regina and only paying for CPN and not for Cable Regina? Is that a fact?

MR. BYERS:— Mr. Speaker, the situation is different in different cities. There is a different situation in Saskatoon and Moose Jaw to what exists in Regina. My understanding is that accommodation has been reached for a period of approximately 45 days whereby CPN will receive the signal. This is pending the development of a satisfactory converter.

MR. MacDONALD:— A supplementary question, Mr. Speaker. The minister is then stating that CPN is now receiving the signal for Cable Regina and of course is putting Cable Regina in a very difficult position as the minister — or in the other parts of the province — putting ordinary cable in a very difficult position. Has there been any litigation started against Sask Tel? Or is it the intention of the government to pay damages because of what has been done to the ordinary cable in the province of Saskatchewan? Does the minister have any time frame in mind when this unmitigated mess, which it is, an unmitigated mess, will be cleaned up?

MR. BYERS:— Mr. Speaker, I'm not aware of any litigation damages the hon. member refers to. Perhaps he has some information that I do not know. With respect to Saskatoon and Moose Jaw, accommodation has been reached with Sask Tel, the cable operator, the CPN, for the delivery of the CPN signal on one of the channels in anticipation that in the time frame of slightly over one month a suitable converter can be perfected and marketing commence so as to prevent the pirating of the signals of the conventional cable operator.

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, 1979, and Supplementary Estimates of Certain Sums Required for the service of the province for the 12 months ending March 31, 1978, and recommends the same to the Legislative Assembly.

MR. SMISHEK:— Mr. Speaker, I move, seconded by the hon. member for Saskatoon Riversdale, the Attorney General (Mr. Romanow):

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

Motion agreed to.

BUDGET DEBATE

HON. W.E. SMISHEK (Minister of Finance):— Mr. Speaker, I am privileged to present to you, to the members of this House, the seventh budget of this New Democratic government. When I introduced the budget a year ago I reviewed the record of this government since coming to office in 1971. We have kept our promises, Mr. Speaker. We have met new challenges, year by year, and we have, year by year, put clearly before the people the course of action we planned to follow. That course of action has been guided by our determination to protect and build upon a rich agricultural and resource base, to realize our industrial potential, and at the same time, to preserve the unique values of the Saskatchewan style of life. To judge our performance, Mr. Speaker, one has only to look at the progress Saskatchewan has made since 1971, in education, in agriculture, in health care and resource development, in housing and transportation and Northern development and in aid to local governments. I have a deep pride in the accomplishments of this government. But, Mr. Speaker, we cannot rest on past accomplishments. Each year brings new challenges. The challenges facing Saskatchewan and Canada today and in the years ahead, more than ever before,

require the strong and capable leadership of men like Allan Blakeney, Mr. Speaker.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— The challenges I speak of, Mr. Speaker, national unity, resource development, unemployment and inflation; this Budget, Mr. Speaker, forms an important part of our response to these challenges, particularly unemployment and inflation. The enormous stimulus provided to our economy in recent years as a result of unprecedented prosperity in the agricultural sector has now tapered off. That it has should surprise no one. It has happened in the past and it will happen again. During our years of rapid growth we prepared for this time. Just as many Saskatchewan farmers prepared themselves for their temporary drop in income, so too, did the provincial government. Budgetary surpluses built up in more buoyant past are being put to good use today. The prospects for Saskatchewan are bright, Mr. Speaker. Our economy continues to show solid strength, provided in large part by the resource sector. I fully expect that in future years this surplus fund will be replenished. Mr. Speaker, the prudence of our financial management combined with our determination in resource policy has given us the financial flexibility the times require. We are, Mr. Speaker, better prepared to meet the economic challenges of 1978 than almost any other province in Canada.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— On the national scene, inflation and unemployment remain our major problems. One million Canadians are looking for work. Inflation, having wrestled wage and price controls to the ground, is on the rise again. These twin problems are spilling over into Saskatchewan. So far, the federal response has been disappointing. Mr. Speaker, this government does not intend to stand and wait for the federal government to give our economy the push it needs. We have the capacity in Saskatchewan. We have the confidence in Saskatchewan. We, as a government, intend to provide leadership to free that capacity and build that confidence, Mr. Speaker.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— That is what this Budget is all about. The modest recovery of the Canadian economy which began in mid '76 ground to a halt in early 1977. Slow growth in the world economy and low consumer spending in Canada were the main causes. Things brightened up somewhat during the last half of 1977 as the fall in the value of the Canadian dollar began to take effect, but not enough. Unemployment continued to go up and Canadian industries continued to limp along producing far below their capacity. During 1977 an average of 862,000 Canadians were without work. In January of this year the number of unemployed reached its highest point since the '30s, just short of a million. The highest unemployment continued to be among young people, among people of Indian ancestry and among women. The worst places in Canada to find work continued to be the Atlantic provinces and Quebec. In January one of every seven members of the Quebec labor force were unable to find a job.

Mr. Speaker, this is an explosive situation and it is particularly explosive at a time when the unity of our country is at stake. There have been many statements about restoring confidence in our economy, the confidence of investors and indeed it must be done. But the very first priority, Mr. Speaker, must be to restore the confidence of people who are demoralized because they cannot find work. The first priority must be to create jobs, Mr. Speaker.

I speak with care, Mr. Speaker, but the next few years promise to be a dangerous time for Canadians. Certainly the faltering Canadian economy is a threat to national unity. But at the same time the threat of a divided nation is endangering economic recovery. These twin problems are feeding on each other. We must deal with them both together, Mr. Speaker. As Canadians we must come to terms with the fact that the problems in confederation are not limited to destined arguments between Ottawa and Quebec. Certainly the aspiration of French Canadians are at the centre but problems of confederation are complex. They involve all Canadians in all regions and they cover many grievances binding our country together and improving Canada's economic performance, are interdependent and inseparable. This was the message which Premier Blakeney took to the Conference of First Ministers in mid-February.

At the conference the Premier urged governments to take the lead in guiding Canada's economy safely through the painful period of adjustment to a brighter future. His message provided the theme for the conference that we should create jobs today to build lasting assets for the future.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— Mr. Speaker, jobs today for energy tomorrow.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— The first ministers responded with interest and in most cases with enthusiasm to our Premier's suggestion. There is compelling logic in using today's unemployed manpower to provide energy for the future. The governments endorsed the heavy oil plant in Saskatchewan and a major hydro electric development in Newfoundland.

This is a tribute to the impact of our Premier's message and it is a sign that all governments are willing to act to put Canada on the road to economic recovery.

Mr. Speaker, let me turn now to the Saskatchewan economy. After very strong growth in 1975, the Saskatchewan economy began to ease off in 1976. This was followed by a more moderate rate of growth in '77. Though lower in yield than in '76 the 1977 crop turned out better than many expected after a dry spring and a wet autumn. In the end the wheat crop was above average in quantity and of generally good quality. However, lower grain prices and rising farm costs meant that both farm cash receipts and realized net farm income were down in 1977. There were, however, important offsetting factors in Saskatchewan, mining and oil. The value of mineral production in Saskatchewan grew by approximately 25 per cent in 1977. Uranium, potash and petroleum were all major contributors.

Both the labor force and employment continued to grow during 1977. There was a four per cent increase in the number of people employed in the province. Our employment rate remained one of the lowest in Canada. For 1978 we expect moderate growth over all. While farm cash receipts should be higher, farm costs will be higher as well. Realized net farm income may decline. Mineral production will continue to grow in value.

Despite slow growth in 1977 and 1978 the general health of the Saskatchewan economy shows just how far our economic base has broadened. Less than 20 years

ago the Saskatchewan economy was almost totally dependent upon our agriculture. Since then a number of other sectors, notably petroleum and mining have become major factors and have helped to offset the inevitable ups and downs of agriculture. This occurred in 1977 when although farm income declined, Saskatchewan's gross domestic product still grew by over 4 per cent.

Mr. Speaker, in considering Saskatchewan's economy, let me comment on the Anti-inflation program and our part in that exercise. As you know we ended our controls on public sector prices and wages on September 30, 1977. Wage contracts which have a starting date on or after October 1 no longer need be submitted to the Saskatchewan Public Sector Price and Compensation Board. Also, increases in public sector prices fees and charges from that date are decontrolled. In the case of government departments, agencies and Crown corporations, however, the Cabinet will continue to review every proposed increase with care to keep those increases as small as possible.

Mr. Speaker, in spite of our urging to remove sooner the federal controls, the federal government has delayed ending its Anti-inflationary program until April. We think it is later than it should be. We think that this is hindering economic recovery but however late, we welcome the action. It is time, Mr. Speaker, for decisive action to move the economy forward. The AIB has not cured inflation. Unemployment has not cured inflation. Let's turn our attention to people and put people back to work, Mr. Speaker.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— Mr. Speaker, I spoke a few moments ago about the contribution of resources, non-renewable resources, to the economy of this province. That contribution is large now and it holds great promise for the future. The fact that within our borders we are blessed with this heritage of natural wealth, oil, potash, coal, hard rock minerals, is of course, an act of Providence. But it is no act of Providence, Mr. Speaker, that the people of Saskatchewan are reaping benefits much greater than ever before from the production of these minerals.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— That, Mr. Speaker, is the direct action not of Providence but the foresight and the political determination of this government in putting in place a resource management policy unmatched anywhere in North America.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— At the centre of that resource policy is the creed that this great natural heritage belongs not to the exploiters but to the people of this province, now and in the future, that a fair share for the people is the first charge against this resource production. Our success, Mr. Speaker, is a matter of record. You know, since 1971 provincial revenues from non-renewable resources have grown from \$33 million to \$462 million, Mr. Speaker.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— Seven years ago resource revenues made up only 7 per cent of total provincial revenues. Today it is 25 per cent, Mr. Speaker.

Mr. Speaker, we have not taken the short-sighted course advocated by some members

opposite of using all these resources for current government expenditures. We have used some to provide more money for schools. We have used some to provide more money for hospitals and for local governments. We have used some to lighten the tax load for our taxpayers. But, Mr. Speaker, we believe that each generation is the trustee for the next and as New Democrats we take that responsibility seriously. So, each year we have put a substantial share of the revenues aside in the Energy and Resource Development Fund, to invest in such things as heavy oil, potash and uranium, using today's windfall revenues to invest in security for tomorrow, Mr. Speaker.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— Mr. Speaker, in the Throne Speech which began the fall session we stated our intention to apply this concept, not just to oil, but to all non-renewable resource revenues. That will be done this session when we establish the Saskatchewan Heritage Fund, Mr. Speaker.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— The Saskatchewan Heritage Fund will add new dimensions which will provide both short and long-term benefits for the people of this province.

I want to emphasize, Mr. Speaker, that the Saskatchewan Heritage Fund will have a very long life, as near perpetuity as one can predict today.

Oil revenues, of course, will not last forever. Similarly uranium revenues from existing mines will grow rapidly and then ultimately decline. But by taking oil and uranium revenues and investing in potash, where the life of our reserves is estimated in the thousands of years, we will guarantee an unprecedented measure of security for generations to follow.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— Saskatchewan Heritage Fund will do much more, Mr. Speaker. It will provide this and future governments with a degree of flexibility, tailor-made, to respond to the economic swings which plague a farm economy. It is a resource which built up year by year can provide stability to our budgetary revenues.

Proposed expenditures and advances from the fund will be placed before this Legislature for debate and approval each year. The proposals for 1978-79 fiscal year are outlined in the Estimates and in the budgetary paper on The Saskatchewan Heritage Fund which is appended to the printed copy of my address.

Before I turn to the budget proposals for 1978-79, Mr. Speaker, I want to say this. Had either of the political parties opposite been in power during the past seven years the Budget which I present today would have been impossible. Windfall oil revenues would not be in a Saskatchewan Heritage Fund. They would be swelling the coffers of the big oil companies.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— There would be no public investment and control in potash and uranium. Saskatchewan, like so many other provinces, would be scratching for funds

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and cutting back on essential services, Mr. Speaker. There would be no tax cut, Mr. Speaker. There would be no extra investment to create jobs, Mr. Speaker. There would be no revenue sharing for municipalities. No, Mr. Speaker, the Budget which I present today, is possible only because this New Democratic government had the wisdom and had the courage and had the guts to claim for the people of Saskatchewan what is rightfully theirs.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— It had the foresight to manage those funds in the interest of this generation and generations to come.

Mr. Speaker, in preparing this Budget we were guided by two necessities — the need to protect people from increases in the cost of living and the need to create jobs.

Saskatchewan people deserve the opportunity to work and they deserve the opportunity to enjoy the fruits of their labor, sheltered from the ravages of inflation. This Budget is directed to these ends.

Mr. Speaker, inflation is a national and in many ways an international problem. But whether the cost of living grows up because of world energy prices or because of the price of imported food, it still hurts. We recognize that in Saskatchewan, despite the recent increases in the Consumer Price Index, we still have the lowest cost of living overall in Canada. However, we must not be complacent.

In this Budget we are taking direct action to pump more cash into the hands of Saskatchewan people to help them cope with these problems and at the same time we are taking action to make sure that charges for provincial utilities are kept as low as possible.

I turn now to the specifics. Mr. Speaker, I am pleased to announce that beginning this year the personal income tax rate in Saskatchewan will be reduced from 58 ½ per cent to 53 per cent of the basic federal tax.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— This is a drop of 5 ½ points. This reduction in itself is substantial but, Mr. Speaker, there is more. We will increase our general tax cut in 1978 to \$160 per taxpayer.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— This is a further increase from the 1977 level of \$120. We will introduce a brand new tax cut of \$30 for a dependent child to a maximum of \$180 in 1978.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— Mr. Speaker, we will restrict the surtax to taxpayers with taxable income in excess of \$30,300.

In order to make these reductions and yet retain the fairness of our tax system, the \$160 tax cut and the tax cut for dependent children will be reduced as income rises.

Lowering our tax rate makes our rate the sixth lowest in Canada, Mr. Speaker. But, that does not tell the whole story. When combined with the \$160 tax cut and our new reduction for dependent children, Saskatchewan will have the lowest personal income taxes in Canada for low and middle income Canadians.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— Mr. Speaker, more specifically, up to an income level of \$9,090 a married taxpayer with two children will pay no Saskatchewan personal income tax at all. Up to an income of \$13,000 this same taxpayer will pay lower income taxes than any other province in Canada including Alberta.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— Mr. Speaker, these combined reductions in personal income tax will put \$34 million into the pockets of Saskatchewan taxpayers on an annual basis. It will mean that an additional 22,000 taxpayers will be removed from the Saskatchewan tax rolls. In addition, taxpayers in Saskatchewan will benefit from the indexing of the tax system. In 1978 personal exemptions in tax brackets have been raised by 7.2 per cent. This will reduce personal income taxes by an added \$18 million in 1978. When you consider the combined effects of the rate reductions, the increased tax cut and the provincial tax savings from indexing, Saskatchewan taxpayers will pay \$52 million less than in 1977.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— Fifty two millions of dollars less. This is a very large chunk of our income tax revenues. In terms of our 1977 tax structure it represents about 17 per cent. Mr. Speaker, it is concrete money-in-the-pocket help to Saskatchewan families to protect their standard of living.

There is more, Mr. Speaker. Local property taxes have long been accepted as a means of financing some of the costs of local government and education. I emphasize 'some', Mr. Speaker, because property taxes can impose a heavy burden. In 1971 this government began to tackle the problem. We made massive increases in grants to schools and we introduced the Property Improvement Grant to pay back to home owners and farmers and small businesses a substantial share of their property taxes. The Property Improvement Grant has been increased over the years to the equivalent of 22 mills in 1977.

Mr. Speaker, I am pleased to announce that Property Improvement Grants will be increased from a maximum of 22 mills to 25 mills in 1978.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— Mr. Speaker, this will mean a top grant of \$230 for individual householders, \$250 for small businesses and \$375 for farmers.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— This is an increase of almost 14 per cent in total. It will mean nearly \$50 million in payments to property taxpayers in 1978-79. Combined with the \$20 million increase provided in school grants the Property Improvement Grant will

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eliminate most, if not all, of the impact of increased mill rates due to education costs.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— Mr. Speaker, later in this address I will outline in some detail our new revenue sharing program but it, too, is part of our cost of living protection package.

The substantial increase in municipal grants under revenue sharing will make it possible for both rural and urban municipalities to hold the line on the average level of mill rates in 1978. Mr. Speaker, like the increase in the Property Improvement Grant, this will mean more money in ratepayers' pockets.

Mr. Speaker, part of our cost of living package relates to Crown corporations and utility prices in Saskatchewan. Though Saskatchewan people have good reason to be proud of their Crown utilities, the Saskatchewan Power Corporation and Sask Tel provide efficient service which is the envy of other utilities in Canada..

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— .. but they are not immune to inflation and their costs have been rising rapidly. Rates had to be increased to keep pace with cost increases which were passed on from outside the province.

Mr. Speaker, we believe that an attack on the cost of living should include all sectors. Therefore, even though costs are still increasing rapidly, rate increases will be held below cost increases this year. Rates for power — no increase to residential consumers.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— Rates for natural gas — no increase to residential customers greater than 8 per cent. Rates for telephones — no increase greater than 8 per cent. Mr. Speaker, compare this with the 20 per cent to 28 per cent increase proposed by Bell Canada for the eastern provinces.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— It is quite a vivid contrast, Mr. Speaker, and it is possible only because the people of Saskatchewan own and control their power, their gas and telephone companies.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— Mr. Speaker, when Safety '77 was introduced in our last budget, I noted that to make our streets and highways safer for everyone, we need the co-operation of every person in Saskatchewan.

During 1977 after a long period of study this government made the wearing of seat belts compulsory to reduce fatalities and injuries from traffic accidents. Now Safety '77 and seat belts are starting to pay off. Saskatchewan motorists are responding, as we hoped they would.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— Mr. Speaker, it is particularly gratifying to me to announce today that because of fewer accidents per driver and fewer injuries there will be an average 5 per cent decrease in automobile insurance rates effective May 1, 1978.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— Mr. Speaker, this is a tribute to our motorists who by and large are buckling up and to their response to Safety '77, we will continue to promote safety on our roads and although the cost of repairs continues to go up, I hope, Mr. Speaker, that further decreases in insurance rates will be possible in the near future.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— More money, Mr. Speaker, in drivers' pockets.

Mr. Speaker, income security for senior citizens is recognized as a responsibility of the federal government. But the programs they provide do not do the job. Senior citizens on fixed incomes are among the most vulnerable to increases in living costs. That is why in 1975 this New Democratic Government introduced the Saskatchewan Income Plan. Today I am pleased to announce that effective April 1, maximum benefits under that plan for senior citizens will be increased by 25 per cent.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— They will be increased to \$25 for a single individual and 45 per month for couples. This measure, together with others, which I will announce later, will provide more security and better opportunities for senior citizens in Saskatchewan; more money, Mr. Speaker, in the pockets of senior citizens.

Mr. Speaker, this is an impressive array of weapons in our attack on cost of living increases.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— Let me recap for a minute, Mr. Speaker. First, personal income taxes reduced by \$52 million. Second, a property improvement grant increase of \$4.5 million. Three, revenue sharing to hold local mill rates, adding almost \$20 million to local government revenues. Fourth, utility rate restraint to benefit all Saskatchewan citizens. Five, an automobile premium reduction of \$4.3 million. Six, an increase of \$2 million in Saskatchewan Income Plan, which benefits our senior citizens.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— Mr. Speaker, when you add it up, this means benefits of \$82 million to the people of Saskatchewan in 1978. And you know what, Mr. Speaker? That does not take into account of putting the lid on utility prices. To bring it home, Mr. Speaker, this package will provide more than \$85 in additional purchasing power to every man, woman and child in Saskatchewan. I invite comparison with other provinces. Some are cutting back in programs and blaming wage earners for inflation. The government of Saskatchewan is acting to protect its citizens against increases in the cost of living; \$85 more, Mr. Speaker, in the pocket of every Saskatchewan resident.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— Mr. Speaker, let me turn now to this government's employment strategy. We all know the unemployment statistics. But unemployment is not figures and percentages. It is people — able-bodied men and women, our most valuable resource, sitting idle, while we pass up the chance to use their skills to build a better Canada. If there is an economic threat to the unity of this great nation, it is unemployment and especially the severity of unemployment in certain regions. We have said it before. I say it again. Governments and the private sector in Canada should join together now to create jobs today to build valuable social capital for tomorrow.

In February, at the Conference of First Ministers, Premier Blakeney urged the federal government to take the decisions necessary to speed up major energy related projects in all parts of Canada to provide jobs today for energy tomorrow.

For Saskatchewan heavy oil, rail bed upgrading and the Alcan pipe line are important areas of development. The pipe line project alone could mean the creation of almost 500 manufacturing jobs in IPSCO in Regina with hundreds more in the service industries.

In Saskatchewan we have often been insulated against the kind of unemployment which is common in other regions. Both the private and the public sector share the credit for our remarkable success. Since 1971, 68,000 new jobs have been created in this province, an average of 11,300 a year. But with the Canadian economy continuing to sag this is no time to be complacent. The private sector must be encouraged to continue to expand and there is such encouragement in this Budget, Mr. Speaker. Later I will be announcing measures to assist small business and industry in Saskatchewan. This Budget and the related programs carried out through our Crown corporations together form a strategy to boost the creation of jobs in Saskatchewan. This strategy consists of six parts, Mr. Speaker:

1. Expanded capital programs in government departments and Crown corporations.
2. Provincial development projects financed from the Saskatchewan Heritage Fund.
3. A package of programs for small business and industry.
4. Employment programs for youth and other special groups.
5. Capital grants for local governments to create employment in urban and rural areas.
6. Contingency plans for other projects which could be implemented if unemployment increases.

Mr. Speaker, this job creation strategy is grounded in the conviction that the public sector has an important role to play in creating useful and productive jobs.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— Unlike some other governments we believe that expanding the activities of commercial Crown corporations or the construction of useful public assets in productive enterprises, we think that potash miners, we think that oil field workers and timber cutters and other workers are just as productive in the public sector as they are working for private corporations.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— For that reason we intend to invest our available resources as needed to create employment. This will not only supplement the efforts of the Saskatchewan vigorous and active private sector but will stimulate still more private investment, Mr. Speaker.

Crown corporations capital project expenditures not including acquisitions will increase to \$465 million in 1978-79. This is an increase of \$75 million or 19 per cent over the current year. Departmental capital expenditures will increase by 17 per cent, an increase of \$50 million providing both jobs and needed capital works such as highways, schools, park development, hospitals and other public facilities. There is more, Mr. Speaker.

Through the new Saskatchewan Heritage Fund we will invest an additional \$15 million in important capital projects. These projects will range from further work in the completion of Saskatchewan House and the territorial buildings in Regina to roads and airports in the North. Taken together, Mr. Speaker, the capital expenditures of the government, the Crown corporations will expand by \$140 million to \$834 million in total in the coming year.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— Mr. Speaker, this will mean the creation of an additional 4,400 man years of employment in Saskatchewan.

Mr. Speaker, special employment problems require special attention. In order to reduce the higher level of unemployment among young people and other special groups, we will expand the Youth Employment Services by 82 per cent. We will expand the Employment Support Program and related activities in Social Services together. These programs will provide employment for an additional 1,400 people in 1978-79.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— We are confident in the underlying strength of the Saskatchewan economy. We are encouraged by its growing diversity but we recognize that the deep problems of the broader Canadian economy may continue to spill over into Saskatchewan. This government will monitor the employment situation very carefully, Mr. Speaker. If needed, we stand prepared to take further action — 4,400 new jobs plus, Mr. Speaker, and more if needed.

Mr. Speaker, this is an historic year indeed — the year in which we introduce the first phase of a revenue sharing plan for municipal governments. This new plan will provide enough money in 1978 to enable both rural and urban municipalities to hold the line on the average level of mill rates if they choose to do so. Grants to rural municipalities will be increased by over \$7 million and the increase to urban municipalities will be \$12 million. Mr. Speaker, this \$19.1 million increase in just one year is a dramatic jump of 45 per cent and will provide welcome relief to ratepayers.

In revenue sharing the provincial government transfers a share of its revenues to municipalities so that municipal revenues expand as the provincial economy grows. This helps municipalities to keep pace with rising costs.

The increase in grants this year is large indeed, but as I mentioned, it is only phase one. In 1979 we will provide another substantial increase to establish the base level of revenue sharing pools for rural and urban municipalities. Each year thereafter the pools will grow as the economy grows. Grants to municipalities will increase automatically. For rural municipalities, the entire package of grants which currently amounts to just under \$19 million will be financed through revenue sharing. For urban municipalities, the three major operating grants, the major grant programs that currently exist (the Police Grant, the per Capita Grant and the Equalization Grant) will all be rolled into revenue sharing. These grants presently total \$23.4 million in 1977. With the \$12 million increase in 1978, the total package of operating grants will come to \$35.4 million, Mr. Speaker. All but \$2.1 million will be paid out completely unconditionally. This will further strengthen the autonomy of urban municipalities. How the unconditional funds are spent is entirely in the hands of local governments. The formula under which these unconditional funds will be distributed will have three main components:— a flat amount per community. This is essentially to help the small communities and is of no major significance to large centres.

— a per capita amount, and

— a foundation grant which will recognize special local circumstances with respect to costs or revenues.

This formula for urban municipalities will be very similar to the foundation formula for schools. Police costs are given specific recognition in the formula.

Some municipalities have expressed concern about discontinuing the old Police Grant but I think these concerns will evaporate. Let me make three simple points:

1. The increase in grants under revenue sharing will be far greater than the increase which the old police formula would have produced.
2. The formula is fully capable of taking into account, special circumstances which affect police costs.
3. Both the provincial government and municipalities agree that police services have a high priority. Grants are paid unconditionally so that municipalities will be able to give policing the priority it deserves.

Mr. Speaker, in revenue sharing we have provided a total of \$2.2 million to rural and urban municipalities for grants in support of municipal ambulance districts. The goal of this program is to make available adequate ambulance services and to reduce the cost to the user. A further \$850,000 has been allocated to assist intermunicipal co-operation on services such as fire protection. At the same time we will continue to enrich our other municipal grant programs, increasing our water and sewer grant by 170 per cent to \$2.5 million in the next fiscal year.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— And providing more than \$10 million for urban transportation, an increase of 1.6 million over the current year.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— Mr. Speaker, the advantages of revenue sharing are real and are substantial. The autonomy of our local school boards was increased when this government introduced unconditional funding back in 1972.

We are pleased and we are proud to do the same thing for municipal government through revenue sharing in 1978.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— Mr. Speaker, I have said that our overall strategy in the Budget was to deal with the cost of living and the creation of employment. These are urgent, short-run problems. But our prosperity in the long-terms depends first on a healthy agricultural economy. Small businesses, manufacturers, contractors, house builders, are also important in building a balanced economy. Specific measures in this Budget are designed to foster growth in each of these sectors.

This government has demonstrated its commitment to rural economic development through a number of successful programs. In this Budget we maintained the momentum generated in the previous six New Democratic budgets. For 1978-79 our agricultural package includes over \$800,000 in new funds for livestock programs, including a major expansion of Grazing Lease Improvement Program. An additional \$1.1 million in funding for agricultural research, including \$900,000 for construction of a swine research centre at the University of Saskatchewan. Nearly a half a million dollars in additional support for marketing and processing, a major initiative in this area involves the conversion of the Saskatchewan Trading Corporation into the Agricultural Development Corporation, which will focus on developing new markets for agricultural commodities. As well, two new seed cleaning plants in Ituna and Foam Lake will receive construction assistance, Mr. Speaker.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— Over \$1 million for the newly established Outlook Irrigation Branch and programs to assist individual projects outside the South Saskatchewan River Irrigation Project.

In 1978 the government will take the lead in preparing a rural development package which will maximize both primary production and industrial processing opportunities for Saskatchewan agriculture. In the coming months we will consult with the federal government concerning the possible cost sharing of this package. As well, we will consult extensively with farm, business and community organizations. We are confident that this development strategy will form the basis of a new and expanded level of support for growth and development in rural Saskatchewan.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— Mr. Speaker, Saskatchewan, perhaps more than any other province, depends upon small business for the generation of economic activity and the creation of employment.

In the past, this government has offered a variety of services to small businesses ranging from consulting to financial to developmental. These programs at times had risks attached to them, like SEDCO's involvement with high-risk small enterprises. But

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more often than not, Mr. Speaker, taking risks has paid off. To encourage small businesses and to help them expand, I am pleased to announce that effective January 1, 1978, the corporate income tax rate for small business will be lowered from 12 per cent to 11 per cent, Mr. Speaker.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— This will cost the treasury nearly \$3 million in 1978 and will provide small business with well-deserved assistance.

This Budget will help Saskatchewan manufacturers. The Department of Industry and Commerce will offer a small industry development program which will provide grants to expand, to modernize or establish small businesses; an industrial technical assistance program to help existing manufacturers improve their ability to compete through management improvement and product design and development; a mainstreet business development program to spruce up downtown areas in Saskatchewan towns and villages; a program to provide interest rebates on term loans for the purpose of creating and expanding commercial facilities throughout Saskatchewan.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— Mr. Speaker, to further encourage economic expansion and diversification, a grant will be provided to the Saskatchewan Development Corporation to permit it to make a more aggressive developmental role. This package totals \$6 million, Mr. Speaker; a tax cut, financial assistance, technical assistance — all designed to help small business grow and adapt to face the future with confidence.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— Mr. Speaker, the sums provided in revenue sharing for rural municipalities will increase rural construction activities. In addition, highway construction will increase in the coming year to improve the province's transportation system and to provide jobs. In 1978-79 the government will: complete the four-laning of Highway No. 11 between Saskatoon and Regina; widen close to 30 miles of Yellowhead Route; begin work on a major bridge over the Saskatchewan River at Gronlid; start a new highway intersection illumination program; upgrade the historic access road in Fort Walsh; build 30 miles of timber arterial access roads, at a total cost of \$1.5 million; accelerate construction activity on the province's secondary highways; over \$52 million will be spent to improve the roadways that service rural Saskatchewan, Mr. Speaker.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— We will spend nearly \$12 million for construction of northern highways; and as promised in last November's Throne Speech, provide over \$10 million to urban municipalities for road construction and public transit programs.

Mr. Speaker, in each of the last three years, Saskatchewan achieved over 10,000 housing starts. Unlike other provinces, Saskatchewan continues to enjoy a thriving housing industry, due largely to the activities of the Saskatchewan Housing Corporation. In the coming year we will increase our housing budget to make housing affordable and to keep the supply growing. In 1978 we will:

1. Double the rural housing program from 400 to 800 units for a total cost of \$7.6 million;
2. Introduce a small builder assistance program;
3. Launch a mortgage assistance program for families who cannot quite afford home ownership;
4. Extend the home renovation assistance program at a cost of \$6 million; and
5. Greatly expand housing programs for senior citizens, Mr. Speaker. We will build 1,500 additional public housing units at a cost of \$8.5 million for senior citizens.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— .. And, Mr. Speaker, we will raise grants, widen eligibility and make renewable payouts under the Senior Citizens Home Repair Program at an added cost of \$3.3 million.

The new program to help small builders will assure them of opportunities to compete in and contribute to our growing housing market by providing provincial financial guarantees. This will mean greater economic protection and flexibility for small contractors.

These measures will stimulate housing activity in the province. They will, at the same time, provide important benefits to senior citizens, young families and rural people. It is a balanced program, Mr. Speaker, and we are proud of it.

Mr. Speaker, I have outlined the measures which this Budget contains to reduce the cost of living and to create employment. I have described our efforts to foster greater medium term economic development through programs in housing, programs for business, programs for farmers. This Budget contains much more, Mr. Speaker. Economic growth is only the means to an end. The ultimate test of a society is how the rewards of that growth are shared by its citizens.

I will now outline steps this government will take to make sure that the benefits of our prosperity are shared fairly among the people who provide it. Now, Mr. Speaker, each generation born in Saskatchewan owes a major debt to those who went before. Let us not forget the prosperity we enjoy today was in a large part made possible by people who stuck out through dust and drought and depression. This government has always recognized the contribution made to the province by these people, our senior citizens.

Now since taking off, as in 1971, we have done a great deal to acknowledge the debt. Mr. Speaker, we have introduced higher income support, improved health care, greater tax relief for senior citizens but it is not enough, Mr. Speaker. Senior citizens continue to be concerned about the cost of living, the upkeep of their homes and about health care. I am pleased to announce a major expansion in three programs which directly address those concerns:

1. Increases in Saskatchewan Income Plan benefits;
2. A major enrichment of the Senior Citizens' Home Repair Program;

3. A variety of measures to improve health care for senior citizens.

Well, Mr. Speaker, health care for senior citizens is a priority of this government. In 1978 we will:

1. Increase significantly the number of level IV beds in Saskatchewan;
2. Raise allowances to residents of special care homes;
3. Develop a geriatric day hospital in Moose Jaw;
4. Provide funds to support a program of geriatric medicine and associated hospital facilities in Saskatoon.

Mr. Speaker, we recognize that some nursing home residents require extra nursing or special types of care. Beginning in April, the government will make supplementary monthly payments to nursing homes on behalf of these "heavy care" residents. Details of these added payments will be disclosed shortly.

In total, Mr. Speaker, this senior citizens' package contains added benefits of \$11 million. In addition, we plan to build 1,500 new low-cost units, mainly for senior citizens at a cost of \$8.5 million. Clearly, Mr. Speaker, this demonstrates our government's commitment to the pioneers of this province.

Mr. Speaker, since 1971, provincial resources directed to the maintenance of law and order have increased dramatically. There will be more increases in 1978 — for law enforcement, for corrections and for the administration of justice.

In law enforcement, Mr. Speaker, municipal police grants have increased from a measly \$265,000 in 1971 to \$6.75 million in the current fiscal year. The province's share of RCMP costs has risen from under \$5 million in 1971 to nearly \$15 million today. The number of police officers in Saskatchewan, municipal and RCMP combined, has increased from 1,240 to nearly 1,500 today. In the coming year there will be much greater support for municipal police forces through revenue sharing, Mr. Speaker, and a 17 per cent increase in provincial funds for RCMP.

In corrections, Mr. Speaker, construction begins this year on two new secure facilities in Prince Albert and Saskatoon. Funds are provided for five more small decentralized facilities for short-term offenders.

In the administration of justice, Mr. Speaker, the administration of justice, Mr. Speaker. Since 1971 we have increased the number of provincial judges from 26 to 43 and the number of support staff from 1 to a total of 51 this coming year.

The Traffic Safety Court in Regina begins its second year. The new Unified Family Court will begin operations in Saskatoon this summer. There will be increases in fees for jury duty.

Mr. Speaker, much criminal activity is the result of individual and public attitudes towards the law. We have seen the success in the past year of Safety '77 in changing the public attitude towards highway safety. With that example in mind we are committing \$150,000 to a high profile criminal prevention program to encourage

public respect for the law and to get people to assist our police forces in preventing and combating crime.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— Mr. Speaker, there are many programs financed in whole or in part by the province which are controlled and delivered by local authorities. These are big programs, Mr. Speaker, and they are essential ones. This Budget provides support for schools run by local school boards, an increase of \$20 million or 11 per cent; hospitals run by local hospital boards, an increase of 10 per cent; libraries run by library boards, an increase of nine per cent; municipal governments, rural and urban, a total increase of \$23 million; the universities, an increase of 10 per cent. And the list goes on and on, Mr. Speaker. In total 45 per cent of our Budget goes directly to these local authorities to run their programs. That means on a budget of \$1.7 billion in 1978-79, \$764 million will be spent and controlled by school boards, hospital boards, municipalities and the like.

Now, Mr. Speaker, members opposite sometimes get carried away by their own rhetoric and spout nonsense about big government, about big spending, about centralized decision making. They should check the facts, Mr. Speaker. The decisions affecting nearly half the province's budget are made not by this government but by local authorities from A to Z.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— Yes, Mr. Speaker, they are made all the way from Abbey to Zenon Park.

Mr. Speaker, an easy way of managing a budget in times of tight revenue is to reduce support to public bodies like school boards, like hospitals, like local governments and libraries. Now, Mr. Speaker, this is the Ontario solution. This is the Tory solution. It is not our solution, Mr. Speaker.

Mr. Speaker, this government will continue in 1978 to provide Saskatchewan residents with the best health care benefits available in North America. This year we will provide funds for completion of the major expansion of the University Hospital in Saskatoon. This medical centre has been enlarged over a three-year period at a cost of \$40 million and maintains Saskatchewan's position in the forefront of medical treatment and education.

Mr. Speaker, nearly \$7 million will be provided for the continuing regeneration program of the Regina General and Pasqua hospitals. Over a 10-year period this program will renew these two facilities at a cost of \$85 million in current dollars. In 1978 we will carry on with the renewal of hospital services in the small communities in Saskatchewan. A new 45-bed hospital is under construction at Kamsack. New hospitals will be constructed in Borden, in Nokomis and in Paradise Hill. Major renovations are being undertaken in North Battleford, La Ronge, Leoville, Herbert and in Kipling. Additional projects are under consideration, Mr. Speaker. This government will see that access to health services in rural Saskatchewan is maintained and improved.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— Mr. Speaker, that makes eight rural communities in the last three years with new hospitals and many others where extensive renovations have been undertaken. That is performance, Mr. Speaker.

SOME HON. MEMBERS: Hear, hear!

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MR. SMISHEK:— Mr. Speaker, what might we expect if the parties opposite were in charge. We know what the Liberals would do. They were in government, they closed 11 hospitals in less than two years.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— Mr. Speaker, the Conservatives — if we take Tory Ontario as an example — they would close many, many more. Mind you, Mr. Speaker, they would be clean, closed, but clean.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— Mr. Speaker, six years ago we undertook a challenging and historic experiment. We set up a department dedicated to northern development by and for northern people.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— The idea was gradually to develop local self-government while providing the community facilities necessary to make life in northern Saskatchewan more rewarding. The North has undergone a great transformation. Local government has come a long way in those six years.

Today, the northern School Board and other local school boards make the decisions on the construction of school facilities. They manage their own local school systems with the aid of funds provided under the provincial foundation grant formula.

The Northern Municipal Council has played a valuable role in promoting decentralization, representative decision making in the North. With elected representatives from the five northern districts, the council sets its own priorities for northern housing and works closely with communities and the Department of Northern Saskatchewan in the development of community improvements.

The next step will see communities in the North take on more responsibility, Mr. Speaker. Grants to local governments in 1978-79 will increase from \$1.9 million to \$3.3 million. Grants for local community authorities and advisory councils will increase by almost 60 per cent to \$1.2 million, most of this being in the form of unconditional per capita and equalization grants.

Mr. Speaker, this government is also on target with respect to achieving the goals established in 1972 for community development in northern Saskatchewan.

Let me highlight some of the accomplishments. Sewer and water systems introduced in 10 communities. Six hundred and twenty five houses built for low-income families. Over \$15 million spent to upgrade schools. Two hundred and forty miles of all-weather road completed. Ten airfields constructed or upgraded. This Budget will provide the means to press on with northern development, Mr. Speaker.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— Mr. Speaker, this Budget contains many other specific measures and I would like to highlight just some of them. As promised in last November's Throne Speech, the government has established an Office of Energy Conservation to be responsible for a number of measures including a loan program for homeowners who undertake insulation programs. My colleague, the Minister of Mineral Resources, will have more to say in the near future about these energy conservation measures.

This Budget will increase the start-up assistance to day care centres and will introduce a yearly equipment grant. Before the end of 1978 the government hopes to submit to this House specific proposals related to the creation along the river bank in Saskatoon, a centre similar to the Regina Wascana Centre.

We are also proud to include in this Budget the funding required to launch preparation for the province-wide celebrations of Saskatchewan's 75th anniversary 1980. My colleague, the Minister of Culture and Youth, will soon be announcing the details of the province's involvement in this birthday celebration.

Mr. Speaker, earlier in this Address I provided details and our plans with respect to personal income tax. These tax reductions amount to \$52 million on an annual basis compared to 1977 tax structure. I also announced a reduction of 1 per cent in the corporate tax rate for small business at a cost of nearly \$3 million.

Mr. Speaker, in this Budget we have undertaken a major program of general tax relief for the people of this province. The only tax rates which are being increased are those for alcoholic beverages and tobacco products, and these will be combined with two further tax reductions in the E&H tax. The tax on alcoholic beverages will be raised from 5 per cent to 10 per cent effective April 1, 1978. Offsetting this increase will be two Education and Health Tax reductions, effective at midnight tonight.

The point at which sales tax is first applied will be raised from 15 cents to 26 cents. This will increase the number of small items which are tax free. In addition, one-half the tax on mobile homes will be rebated. The additional tax revenue generated by these sales tax changes will be \$12.5 million.

Effective at midnight tonight, tax on cigarettes will be increased by four cents per package of 25 and the tax on tobacco will be increased by one cent per half ounce. The tax on cigars ranging in value up to 20 cents will be increased by one cent and for cigars exceeding 20 cents in value the tax will be raised by two cents. The increased revenue resulting from the changes in tobacco taxes will be \$3.2 million.

Mr. Speaker, this Budget includes a number of new initiatives — specifically increased grants to local governments; an expanded package of programming aimed at senior citizens; an expanded package of programs that will assist most of the people; a 17 per cent increase in provincial capital spending to stimulate employment; and major tax reductions.

We believe these are necessary commitments, Mr. Speaker, essential commitments if the quality of life and increasing economic stability achieved in Saskatchewan in the last several years are to be maintained and enhanced. But in spite of the cost of these commitments, we have reduced the rate of growth in budgetary spending by over two

per cent compared to last year, from 14 per cent to 12 per cent, Mr. Speaker. This has been accomplished by holding the line on traditional government services.

We have maintained the civil service in a no-growth position — the third successive year, Mr. Speaker, in which there has been either no growth or a decrease in the total number on the public payroll. We have held the line where it needed to be held, Mr. Speaker, but we have not cut back our support to local governments, or school boards or hospital boards. No, Mr. Speaker, we have achieved these results by careful management of our public resources, a close scrutiny of our objectives and a careful matching of the two.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— Mr. Speaker, in the Budget I presented to this Assembly one year ago, cash inflows were estimated at \$1,473 million and cash outflows were estimated at \$1,513 million. In other words, I projected a deficit of approximately \$40 million. We currently estimate that expenditures will be \$1,510 million in 1977-78. Revenues should total \$1,470 million, yielding a deficit for this fiscal year of \$40 million as projected. For 1978-79, Mr. Speaker, we have projected expenditures at \$1,695 million and revenues at \$1,651 million. This will make the deficit for 1978-79 approximately \$44 million, close to the deficit for the current fiscal year.

There are several encouraging features about the relative magnitude of our revenue and expenditures projected.

First, we have managed to keep the deficit from growing in relation to last year, in spite of major tax reductions and program initiatives announced in this budget.

Second, when the economy was buoyant, we set aside more than \$100 million for the express purpose of seeing us through difficult times. The wisdom of that policy is self-evident. The deficits incurred to the end of 1978-79 will not have been exhausted from the cumulative cash carryforward.

Third, our \$44 million deficit must be viewed in the context of the \$116 million surplus we are building up in the Saskatchewan Heritage Fund after accounting for its budgetary expenditures. On an overall basis, Mr. Speaker, we will have a surplus of \$72 million.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— Finally, the Saskatchewan deficits of approximately \$40 million for each of 1977-78 and 1978-79 should be considered in the national perspective. The federal government expects to have a deficit in the current year of about \$8 billion and expects this to rise to over \$10 billion in 1978-79. On a per capita basis, the federal government deficit, despite its broader revenue-generating capacity is expecting deficits which are seven or eight times the level of Saskatchewan. Ontario, Mr. Speaker, one of the richest and the most diversified provinces in the nation, projects a current year deficit which is 2 ½ times the per capita deficit of Saskatchewan.

Mr. Speaker, public investment has played a major role in developing the economic base of our province. Crown corporations have contributed significantly in this area. In 1978 Crown corporations will again spend large sums for productive capital development which will both improve vital services and create additional employment. Total capital requirements by Crown corporations are estimated at \$685.0 million in

1978. Of this total, \$247 million will be generated internally by the corporations themselves. We will require \$438 million from other sources.

That is our Budget, Mr. Speaker, for the coming year. Few assignments during my public life have given me as much satisfaction, Mr. Speaker, as presenting this Budget.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— I say this, Mr. Speaker, for three reasons. First, this Budget tackles the problem of unemployment by creating jobs. Second, it softens the impact of inflation on people by putting more spending power into the hands of consumers. Third, the actions taken give direct and practical help to people — people who are hurt the most by unemployment and inflation. For those seeking work, 5,800 new permanent and seasonal jobs, Mr. Speaker. For working people and for every person with a taxable income, a \$52 million income tax reduction, Mr. Speaker. For homeowners, Property Improvement Grants up to \$230, plus \$20 million to hold the line on municipal mill rates, Mr. Speaker. For farmers, Property Improvement Grants up to \$375, more rural housing and expanded agricultural programs, Mr. Speaker. For small business men and women, a corporate tax cut, bigger Property Improvement Grants and a series of new and expanded small business programs, Mr. Speaker. For young people, more seasonal jobs for students, a new tax cut based on dependent children, extra grants to day care centres and help with the first mortgage, Mr. Speaker. For drivers, a \$4.3 million reduction in car insurance rates. For senior citizens, increased Saskatchewan Income Plan benefits, a richer Home Repair Program, more rental housing, more chronic care beds, better health of services, a total almost \$20 million in benefits for senior citizens, Mr. Speaker.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— That's a partial list. And of course, Mr. Speaker, everyone benefits from the tax cut, from holding down utility charges and from the new funds available to municipalities under revenue sharing; direct, money-in-the pocket benefits amounting to more than \$85 for every man, woman and child.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— And with it all, we have provided substantial increases in funding for education, for health and other essential services. Three things have made this possible. We have held the line on traditional government services and on the size of the public service. We have set aside surpluses in good times for use in a year like this. We have increased our resource revenues 14-fold in seven years, Mr. Speaker. It is with confidence and pride that I place this Budget before this Assembly and the people of Saskatchewan. It is an action Budget, a prescription for the problems which face us in the coming year. It will make a contribution, Mr. Speaker, not only to solving our problems but in some measure to solving Canada's problems.

SOME HON. MEMBERS: Hear, hear!

MR. SMISHEK:— Mr. Speaker, I commend the kind of action we are taking here today to other provinces and the federal government.

Mr. Speaker, I move that this Assembly do now resolve itself into Committee of Finance.

SOME HON. MEMBERS: Hear, hear!

MR. W.C. THATCHER (Thunder Creek)— Mr. Speaker, as the Minister of Finance was reading this document I couldn't help but think back over the years to some of the other provincial treasurers or Ministers of Finance who have read similar documents. There are some fully impressive names. You can go away back to Jimmy Gardiner, Clarence Fines, Mr. Brockelbank the father of Mr. Speaker, the present Premier held that portfolio, my father held it, Davey Steuart held it. Some pretty capable people handled it. But this minister has something I think that none of those were ever able to come remotely close to. He has made it three in a row, three in a row that he couldn't balance his books. All of the other Ministers of Finance that I just named, not one of them ever brought in a deficit budget, even in the depths of the depression the books were always balanced.

Mr. Speaker, every budget should have a name and I commend the minister for his choice of the color of his flower because it is highly appropriate. Not only does it typify the philosophy of his government but it pretty well demonstrates the red ink that has been all over his budgets the past three years.

Now, Mr. Speaker, in searching for a name to put on this Budget, one of my colleagues was kind enough to pass me a note. It is probably appropriate because probably it has a very distinct ring of truth. I think on behalf of the Conservative Party I am going to nickname this Budget the 'Bon-Voyage Budget' for Allan Blakeney because he is leaning for federal politics on the backs of Saskatchewan taxpayers.

MR. THATCHER:— Mr. Speaker, if that's the election budget, please don't keep us in suspense and let's get at it because we can't wait to get at you.

Mr. Speaker, the minister has talked glowingly about controlling the size of the civil service, controlling its expenditures, and yet he brings in a budget in which the total spending is going to increase 12 per cent — 12 per cent in this supposed age of restraint — 12 per cent when he has put limits on everybody else in this province that he could, and yet his own expenditures go up 12 per cent. He couldn't even control his own government in that area.

Mr. Speaker, I was amused when the Minister of Finance made reference to an anticipated moderate growth in the economy. I'll say it's moderate because the economic forecasts are that this economy will grow this year, less than one per cent (and that comes from the Economic Council of Canada) versus a national average of about 4.9 per cent, almost 5 per cent. We are not even supposed to make one per cent. Mr. Speaker, the minister seemed to take great delight in pointing out that last year, in 1977 the gross domestic product was up some four per cent. Isn't that fantastic? Isn't that marvellous growth? That's not even the inflation rate.

Mr. Speaker, a great deal was made of a brand new fund that we can look forward to with the same, I suppose, anticipation that we have for the Energy Fund. This one, I suppose, is a new name for an old game — the Heritage Fund, and it is apparently going to be the be-all or the end-all.

Mr. Speaker, I have a great deal to say on this particular area on Thursday and I am going to leave it. I think the Energy Fund is one area that needs a real airing, and how this fund has been used. I will go into that further on Thursday.

Mr. Speaker, the minister had a great deal of difficulty as he was approaching the page in his budget that was going to announce the tax cut. He had a great deal of difficulty keeping the smile off his face because this is probably the first tax cut that he has brought in, at least in my short tenure, in the Legislature. It was actually difficult for most other members of the Assembly to keep the grin off their face as he suggested the low rates of taxation that are now going to exist in Saskatchewan. I would have to check that one out, Mr. Minister of Finance, but hardly 53 per cent, even with the gimmicks that you may care to put in. I think I would prefer to take a look at Alberta's 36.8 I believe it is, and somehow if he can get that one down I would be most interested to see it. At least it would be a very, very abnormal family if you could accomplish that one. But be that as it may, in suggesting that we are now going to be so lowly taxed, I saw no reference to a drop in the sales tax which our neighbors to the west enjoy. On every good that they buy it is 5 per cent less than what it is in Saskatchewan.

Mr. Speaker, we are interested in revenue sharing, and we are pleased to see that the government has finally adopted something that the Conservative Party called for a long time ago, and that is a concept of revenue sharing. Mr. Speaker, I am going to deal further with the concept of revenue sharing on Thursday. Unlike the NDP Government, the Conservative Party has pledged, that in revenue sharing with municipalities, etc., that sharing will consist of total provincial revenues, not some specified little pool that the government of the day chooses to put forward. It will be total provincial revenues.

Mr. Speaker, I think we were all shocked when we saw the level of capital borrowing that this government is now leading us into. They announced in this budget that they are again going to borrow the incredible figure of \$438 million. You know it just staggers the mind when you think back to about 1971 where the total provincial debt was something like about \$500 million. Mr. Speaker, with this unbelievable borrowing the gross, the total debt in this province now stands over \$2 billion. You know, \$2 billion — it's easy to say, \$2 billion — It's not hard to mouth it, but the numbers are astronomical. Mr. Speaker, that is a per capita debt for every man, woman, and child, in this province, of \$2,000. That's the debt that you owe, \$2,000! You know, the regrettable part is, on most of the people across the way, a blast on them. There are three or four in the front row that maybe understand what I'm trying to say, but most of those clowns in the back row, that's beyond them.

You know, Mr. Speaker, that's what frightens me the most, because it is beyond their comprehension. The minister indicates that we're all going to be \$85 better off. What about the \$2,000? There's got to be roughly \$200 in interest that's got to come from you somewhere in taxes. Each year you take that away from \$85 and it comes out we're \$115 worse off.

Mr. Speaker, I think this Budget can be very subtly concisely sized up. It's as simple as one, two, three: the highly predictable NDP budget, when they're getting close to election time, cutting some taxes and putting in a few capital expenditures. Mr. Speaker, on those capital expenditures we will look forward to a great many of them being placed into highways, because last year capital expenditures on highways consisted only of 5.6 per cent of the total budget. That's scandalous in a province such as Saskatchewan where they are so vitally important to everyone. Now that is one area where the capital expenditures are going. Now we applaud you, but we are very suspicious that they are going into more office buildings that you can fill up with more hats that you recruit from B.C. or Manitoba or wherever else the sinking ship has gone down.

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Mr. Speaker, as simple as one, two, three, you can sum up the Budget as more government, more borrowings, and they're juggling your taxes from one group to another. Frankly, what the real benefit is, I will go into much more thoroughly on Thursday. Mr. Speaker, I beg leave to adjourn the debate.

Debate adjourned.

MR. SMISHEK:— Mr. Speaker, I move, seconded by my seatmate, the Minister of Northern Saskatchewan:

That by leave of the Assembly the debate on the motion that this Assembly do now resolve itself in the Committee of Finance, be resumed on Thursday, March 9, 1978.

Motion agreed to.

MR. SPEAKER:— Returning to the balance of the agenda, are there ministerial statements? No bills to introduce? Anything further under orders of the day?

MOTIONS

Radio Time

MR. ROMANOW:— Mr. Speaker, I'm not sure whether this would be the appropriate time but I'll move some fairly procedural motions.

I'd like to move, seconded by the Hon. Minister Bowerman, the Member from Shellbrook, by leave of the Assembly:

That the matter of division of radio time arranged for the current session be referred to the Select Standing Committee on radio broadcasting of selected proceedings and the said committee to report its recommendations thereon with all convenient speed.

Motion agreed to.

Public Accounts

MR. ROMANOW:— Mr. Speaker, I'd like to move, by leave of the Assembly, seconded by the Hon. Mr. Smishek, Minister of Finance:

That the Public Accounts for the province of Saskatchewan for the fiscal year ended March 31, 1977, be referred as tabled to the Select Standing Committee on Public Accounts and Printing.

Motion agreed to.

Reports of Crown Corporations

MR. ROMANOW:— Mr. Speaker, I move, seconded by the hon. Mr. Snyder (Moose Jaw South):

That the annual reports and financial statements of the various Crown corporations and related agencies as were tabled at the Fourth Session of the Eighteenth Legislature, plus the annual reports and financial statements as tabled at the present session, be referred to the Select Standing Committee on Crown Corporations.

Motion agreed to.

Report of Provincial Auditor

MR. ROMANOW:— Mr. Speaker, I move, seconded by the hon. Mr. Kaeding, Minister of Agriculture (Saltcoats), by leave of the Assembly:

That the report of the Provincial Auditor for the fiscal year ending March 31, 1977, be referred as tabled to the Select Standing Committee on Public Accounts and Printing.

Motion agreed to.

Retention and Disposal Schedules

MR. ROMANOW:— Mr. Speaker, I move, seconded by the hon. Minister, Mr. MacMurchy (Last Mountain-Touchwood) by leave of the Assembly:

That the retention and disposal schedules approved by the Public Documents Committee be referred as tabled to the Select Standing Committee on Libraries.

Motion agreed to.

The Assembly adjourned at 4:18 o'clock p.m.