

**LEGISLATIVE ASSEMBLY OF SASKATCHEWAN**  
**First Session — Nineteenth Legislature**

**Thursday, March 8, 1979.**

The Assembly met at 2 p.m.

On the Orders of the Day.

**QUESTIONS**

**Confidentiality of Budget**

**MR. R.L. COLLVER (Leader of the Opposition):** — Mr. Speaker, I would address my question to the Premier. Today, the Minister of Finance informed the members of the Saskatchewan press corps that the report in the Regina Leader Post of March 7, 1979 pertaining to the budget — and I'll use his words — were 'not inaccurate'. Is the Premier aware of the following quotation from the House of Commons in Ottawa, June 14, 1963 from Tommy Douglas and I quote:

I would point out that it is a standard procedure in Canadian British parliamentary life that no persons other than members of the government and officials of the government shall have any knowledge of what is in the budget. It is not many years ago that a Chancellor of the Exchequer in Great Britain, the Rt. Hon. Hugh Dalton, resigned because of the very minor indiscretion of telling the newspaperman on his way into the House to make his budget speech in a general way some of the contents.

**HON. A.E. BLAKENEY (Premier):** — Mr. Speaker, it will not surprise the House to hear that I was not familiar with that quotation as I venture to think no one else was until the hon. member looked it up and advised the House of it. He quotes a practice which is certainly common in the House at Westminster, certainly common although not as invariable at Ottawa, but has certainly not been the practice of this House. It has been a widespread practice of this House under our government and under previous governments to make known the contents or parts of the contents of the budget to the news media well in advance of the budget and every year that I have been here, the Provincial Treasurer or Minister of Finance of the day has made some pre-releases and they're out there now and they were out there last year and the year before and under Mr. Thatcher's government. So I think that the comments made by the hon. member, while certainly applicable to Westminster and Ottawa, are not in their full impact applicable to Saskatchewan.

**MR. COLLVER:** — Supplementary question, Mr. Speaker. Would the Premier not agree that advantage can be taken by individuals in the province of Saskatchewan with prior knowledge of the taxation policies of the Government of Saskatchewan and would he not further agree that by breaching the confidentiality of the budget the Minister of Finance should resign.

**MR. BLAKENEY:** — Two points. Firstly, with respect to whether or not advantage can be taken. Only on relatively rare occasions can any significant advantage be taken on information which is in the budget. Our taxes do not affect business primarily. Our taxes are primarily consumption taxes and one must assume, in the case of this budget, the only tax, as will be indicated in the story, was the tobacco tax, and as the story indicated and I will tell the hon. members it is accurate, the proposal is that the tax be imposed at midnight tonight. Nine hours or so warning would have been given. The

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effect of the premature release is that that has been extended to a period of some 30 hours or thereabouts, 35. Because of the fact all the world had the same information nobody was able to take any undue advantage that anyone else would not have been able to take.

**MR. COLLVER:** — Supplementary, Mr. Speaker. Would the Premier not agree that one indication of a budget leak would certainly lead people to believe that there was more than one indication of a budget leak? That that evidence in itself is enough to make one suspicious, and that further action must be taken, including the resignation of the Minister of Finance (Mr. Smishek)?

**MR. BLAKENEY:** — Mr. Speaker, in order to answer that question I think I have to advise the members of the House of the circumstances which led to the so-called peek referred to in the Leader Post and the Star Phoenix.

As I advised the House yesterday, I proposed to carry on an investigation, and I have done so. The investigation is, I believe, complete. We have determined that the unfortunate premature release of budget figures was inadvertent, not deliberate, that no official of the Department of Finance was involved.

Mr. Speaker, I am in your hands. The hon. member has asked me a question. I cannot in my judgment, answer it effectively without giving some background. And, if the House cares not to have the background, and the hon. member does not want to know the facts, then I will understand why, but if he does want to have the facts I will try to give them in a dispassionate way.

**MR. W.C. THATCHER (Thunder Creek):** — To the Minister of Finance. Mr. Minister, due to the highly inappropriate disclosure that took place yesterday, and assuming that a great deal of the budget information is out in the market place, is the Minister prepared to assure this Assembly today, and consequently the people of Saskatchewan, that as a result of this indiscretion within your department, there will be no undue profiteering, or gouging, of consumers in the province?

**MR. BLAKENEY:** — Mr. Speaker, the question is addressed . . .

**MR. SPEAKER:** Order, order. A member has an appropriate time to raise points of order with regard to the question period.

**MR. BLAKENEY:** — . . . I can answer the question for the hon. member since I have the material here. The answer is no. We will wait in a few moments to see just how tongue-tied he is.

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

**MR. BLAKENEY:** — I think I can assure the House that no information was leaked other than that which was in the story. I can tell the House how it came about — it came about, not because any part of the budget became public, not because any part of these estimates became public, but that a press release which was being used in the course of preparing the tapes that I referred to (the video tapes and the radio tapes) which are customarily distributed to the press in this province. When they were being distributed a copy of the press release, which was part of the presentation being prepared, came into the hands of one member of the press inadvertently.

**MR. THATCHER:** — Supplementary question, Mr. Speaker. If the Premier would stop coddling the Minister of Finance I would like to address my supplementary to the Minister of Finance (Mr. Smishek). Mr. Minister, the Premier, I suppose, has assured us that no profiteering and that no gouging of consumers can take place (if I interpreted his answer to your question properly). Would the Minister of Finance, should you care to get on your feet in this question period, tell us why there is a price run on cigarettes of a drastic proportion in Saskatoon as reported by virtually all wholesalers? Would the minister tell us why this run started shortly after that story appeared in the Saskatoon Star-Phoenix? The same is also true in Regina, for your information, Mr. Minister. Therefore, could the minister tell me why some of these wholesalers are telling their customers that there will be a price change as of 2 p.m. today? In other words, Mr. Minister, they are ordering these cigarettes, they are letting them go out. Mr. Minister, tell me, does that not constitute gouging, profiteering, on a basis like that?

**HON. W.E. SMISHEK (Minister of Finance):** — Mr. Speaker, I was led to believe by the hon. member that there is a price run, presumably that there is some reduction in the price in Saskatoon. The hon. member is not making himself very clear. It has not come to my personal attention, and I am not aware of any price run in Saskatoon or in Regina, or anyplace else for that matter in Saskatchewan. And I am not aware of any tax increase (if that's the hon. member's impression) to take effect as of 2 p.m. this afternoon.

**MR. THATCHER:** — Supplementary, Mr. Minister. For the minister's edification . . . in other words they are pocketing the price increase. But, Mr. Minister, in view of this indiscretion which is totally yours as the minister in charge and in view of the fact that this profiteering and this gouging of consumers in the area of cigarettes is about to proceed (and is proceeding), would the minister not agree that his budget today should be pulled, that you should resign and that we should have a new budget in about a week read by a different minister with some degree of competency?

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

**MR. SMISHEK:** — Mr. Speaker, to all the questions that he posed the answer is no.

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

**MR. G. MUIRHEAD (Arm River):** — Mr. Speaker, I have a question to the Minister of Finance. Now that he is on his feet I hope that he will stay there.

Seeing that I am a new member in this House, Mr. Speaker, I am absolutely appalled at what I saw yesterday — this leak that came out in the paper. We're appalled; we can't believe it. I'm just a rookie and I cannot believe it. And I want to ask . . .

**MR. SPEAKER:** — Does the member have a question?

**MR. MUIRHEAD:** — . . . about the leak or leaks in respect to the contents of the budget speech which will be brought down later today. I would like the Hon. Minister of Finance (Mr. Smishek) to answer the question, are the leaks which have been made public the only leaks or have there been a series of leaks over the last few days or even weeks?

**MR. SMISHEK:** — Mr. Speaker, I'm not aware of any series of leaks.

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**MR. MUIRHEAD:** — Supplementary, Mr. Speaker. I can understand the Hon. Minister of Finance taking into his confidence the financial editor of the Regina Leader Post in view of the fact that the editor was formerly chief economic adviser to the former NDP Premier of British Columbia, Mr. Barrett.

**MR. SPEAKER:** — Order, I'll take the next question.

**MR. LANE (Qu'Appelle):** — Mr. Speaker, Minister of Finance, I don't think you were making light of the incident of yesterday. I think that you have been a member of this Assembly long enough to know the traditions and background of this Assembly, and have an awareness of the need for the precaution of secrecy in dealing with the budget for two reasons. The budget impacts on practically every man, woman and child of Saskatchewan. But in historical terms one of the reasons for the secrecy as well, was so that the Minister of Finance himself would remain above suspicion. In light of the incident of yesterday and the budget leak, unprecedented in Saskatchewan's history, did you offer your resignation to the Premier, and if you did not are you now prepared to take this matter seriously and tender your resignation as Minister of Finance?

**MR. SMISHEK:** — Mr. Speaker, any conversations I've had with the Premier in the last 24 hours are private. We carry on a lot of conversations.

**MR. LANE:** — Supplementary. Are we then to assume that your reason for not making that public and keeping private your conversations is that you in fact did offer your resignation, which I suggest would be in the fair traditions of this Assembly? Silence, I think, in legal terms is a consent. Mr. Speaker, and I'm sure that the Attorney General is aware of that.

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

**MR. LANE:** — Silence is usually an admission, I might advise. Supplementary to the Premier. Did the investigation that you embarked upon yesterday go beyond the officials and to people outside of government to deal with such matters as the impact of the release of the cigarette tax?

**MR. SPEAKER:** — Order, order. I'll take the next question.

### **Police Investigation of Leak**

**MR. R. ANDREW (Kindersley):** — Mr. Speaker, my question is to the Attorney General. As chief law officer of the province has the Attorney General instructed a police force of the province to do any investigation with regard to this parliamentary breach?

**HON. R. ROMANOW (Attorney General):** — No.

**MR. ANDREW:** — The Attorney General makes light of that question. I suggest it is an important enough matter that perhaps we should have, number one, somebody who is free of political pressures.

**MR. SPEAKER:** — Order! The member has a question?

**MR. ANDREW:** — You think it's not an important enough matter to do that?

**MR. ROMANOW:** — Mr. Speaker, if the opposition had allowed the Premier the

courtesy of stating the facts of this case, as he has tried on at least two different occasions during this question period alone, I think the facts would have been self-evident to the hon. member for Kindersley.

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

**MR. ROMANOW:** — The opposition, it seems, doesn't want to give the Premier a chance to state the facts; they want to grind their political issue. Mr. Speaker, I cannot answer in the affirmative to that question, knowing the facts as I know them and as I wish the hon. members of the House would allow the Premier to state during this question period.

**MR. R.L. COLLVER (Leader of the Opposition):** — As the Attorney General is no doubt aware the time for giving ministerial statements occurs after question period and not before. He knows the rules of the House better than anyone.

**MR. SPEAKER:** — Does the member have a question?

**MR. COLLVER:** — It's quite simply this. Since the Premier has already given the so-called facts to this particular incident, how can the people of Saskatchewan be led to believe that an investigation between 2:30 and . . .

**MR. SPEAKER:** — Order! I'll take the next question.

**MR. COLLVER:** — Mr. Speaker, my next question to the Premier is quite simply this. How can you expect the people of Saskatchewan to believe that it is even possible, given the framework of the Government of Saskatchewan, to conduct a full and complete investigation of this very serious breach of parliament in less than 24 hours, which you are trying to lead the people to believe today?

**HON. A.E. BLAKENEY (Premier):** — Mr. Speaker, it is clear and obvious that any investigation can be more complete. There never can be an end to an investigation but the internal evidence from the story indicated that the facts came from a press release, judging from the fact that nothing that was in the press release was not in the story in substance and nothing that was in the story was not in the press release. It was aggregated and grouped in a way that was true of the press release and not true of the budget and not true of the estimates. Five copies of the press release were indicated. We know where all of them are. We know where one of them was out of the hands of one person for a given period of time of about one hour and one-half in the press room. There is not much doubt where the facts came from. The person whose copy it was, Mr. Mel Hinds, has written to me a complete letter saying he took responsibility, as the hon. member for Nipawin knows. I have supplied him with a copy of that letter and he knows where the information came from. I'll say no more than that except to say that Mr. Hinds has offered his resignation to me.

**MR. COLLVER:** — Mr. Premier, I have two questions in the light of your just repeated response. First of all, do you really believe that with this circumstantial evidence that you are presenting, having investigated only less than 24 hours, a very serious breach of parliament, would in any way ever be accepted in a court of law — you as a lawyer knowing full well what would happen there. The second part of my question . . .

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

## Letter of Resignation

**MR. COLLVER:** — Mr. Speaker, the letter of resignation to which Mr. Premier has referred — I have two questions.

One, it is my understanding that you have refused to accept this resignation. Is that true? Second, since, in the letter, in the body of the so-called letter, it states that the Minister of Finance (Mr. Smishek) was present when the so-called press release was lost, do you not still consider that it is the Minister of Finance's responsibility to ensure that confidentiality of budget information is not released and, therefore, should be asked to resign?

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

**MR. BLAKENEY:** — Mr. Speaker, I make two comments. First, I think that the evidence that I have seen, while obviously not as complete as a two-week investigation might indicate because there are things to be excluded, I believe is complete enough for us to make judgments having regard to all of the internal evidence and I accept it myself and I believe if I were a judge I would accept it and if I were a counsel I would act on it.

The second question is, yes, indeed, the Minister of Finance has an obligation to retain the confidentiality of the budget, but he and I and all of us are subject to misadventures, by our human error, by our employees. In my judgment, the human error was made by Mr. Mel Hinds. In his judgment it was his. Mr. Mel Hinds is an employee who reports, not to the Minister of Finance, but to me, Mr. Speaker. Mr. Mel Hinds' responsibility to serve the people of Saskatchewan is in his capacity as Director of Information Services of the Executive Council. I am the Minister and I accept that responsibility for Mr. Hinds' error.

## British Parliamentary Rules

**MR. J.G. LANE (Qu'Appelle):** — Mr. Speaker, to the Premier of Saskatchewan. This is the second time in recent weeks that you or members of the Treasury benches have passed responsibility for serious public errors onto senior public officials. Rule 1, the general rule of this Assembly, that the customs and usage of the House of Commons applies — would you not admit that you are, perhaps, the only Premier in Canada who refuses to follow the British Parliamentary Rule of cabinet responsibility and negate the British Parliamentary Rule by constantly putting the responsibility on senior public officials and not letting the cabinet minister take his ultimate parliamentary responsibility.

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

**MR. BLAKENEY:** — Mr. Speaker, there is no denial of and if I had withheld the facts, as best I have them, you would have been critical, and perhaps properly critical, in that regard. We have disclosed all the facts as we have them. The responsibility, in so far as it is ministerial, is, I think, properly shared between the Minister of Finance (Mr. Smishek) and myself. We take that responsibility. I, as the Crown's First Minister, do not think that that calls for a resignation — either on my part or on his. You may question that judgment, but there is no denial of responsibility. In our judgment we are taking the matter very seriously and we are acting accordingly.

May I say that . . . (inaudible interjection) . . . I note Mr. Chretien's budget of 1978 was a subject of a significant leak and no one, so far as I am aware, resigned on that account, least of all the Prime Minister or Mr. Chretien.

**MR. SPEAKER:** — Order.

**MR. LANE:** — My supplementary to the Premier is that Mr. Hinds is not an official with the Department of Finance so obviously there has been more than the Department of Finance involved, which puts the responsibility back on the Minister of Finance. He gave the information outside of his department, the budget information outside of his department. The responsibility, I suggest, because of that fact alone, should rest seriously and only on the Minister of Finance's shoulders, and why are you as the First Minister of this province afraid to follow the traditions of the House of Commons and British parliament and make the ultimate responsibility on the minister who made the error, an error in giving the information out, second error in trying to pass the buck on to a senior official and not standing up for ministerial responsibility.

**MR. BLAKENEY:** — Mr. Speaker, the Minister of Finance was making the information with respect to the budget available to the people of Saskatchewan through the Information Services Division of the Executive Council. That has been the tradition in this House for many, many years. It is my judgment that it is better to have the information go out through the regular channels than it is to have the Minister of Finance set up a special mechanism for dealing with station CKKR at Rosetown or as the case may be. The channels which we have to deal with station CKKR are established. These are the channels which are used. It is organized through the Executive Council so that all agencies may use it. I do not approve of the proposition put forward by the hon. member for Qu'Appelle (Mr. Lane) that each agency of government should have its own public relations organization to deal with all the media. I believe we should have a central one. We used it. There is nothing irregular about that and, in my judgment, the Minister of Finance made no error in that regard. Our error was, in a ministerial sense, that one of our employees was guilty of a human error. He admits that. We admit that. We assume the responsibility. We do not think it calls for a resignation.

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

**MR. COLLVER:** — Mr. Speaker, I refer the Premier to the letter which the Hon. Minister of Finance received from Mel Hinds, in which he refers to the term, 'we were in the press conference room'; I don't accept the fact and members on this side of the legislature do not accept the fact that your public relations officer with a public relations gimmick has been able to get you off the hook.

**MR. SPEAKER:** — I'll take the next question please.

**MR. COLLVER:** — Do you not agree that since the Minister of Finance was present at the time of the so-called incident, even if the Premier is correct, that his investigation has found out the necessary leak, would he not admit that the Minister of Finance, and not an employee of the government of Saskatchewan should take full responsibility and hand in his resignation?

**MR. BLAKENEY:** — Shortly put, the answer is no. I think that in a ministerial sense, he and I share the responsibility. Mr. Hinds is my employee and not his. In a direct sense, he was using the offices of Information Services. True, they were, as I say, taping for a radio tape and a television tape and they had two or three scripts and one of them was left there. Within fifteen minutes I had my news conference and that was there on the

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table and one of the press people picked it up. I have no quarrel with the press because their job is to find the news where they can. It was our error and the Minister of Finance does not deny his share of the responsibility and I don't deny mine.

**MR. COLLVER:** — Another question, Mr. Speaker. Would the Premier not recall that in every single legislative session in which I have been involved, I have called upon this legislature and the Premier of Saskatchewan, to cease and desist in presenting budget information prior to the presentation of the budget in this Assembly . . .

**MR. SPEAKER:** — Order. Order! Does the member have a question?

**MR. COLLVER:** — Will the Premier not recall that in this Legislative Chamber, the Progressive Conservatives, in the last number of years, have suggested — no, have insisted — that members of the press corps be required to take an oath of secrecy in the Province of Saskatchewan, and that even if the scapegoat letter which you are attempting to perpetrate on the people of Saskatchewan is true, would you not agree that the Minister of Finance and yourself have been negligent in your duties and negligent in your responsibility . . .

**MR. SPEAKER:** — Order!

**MR. BLAKENEY:** — Sir, in a technical and governmental sense, I accept the hon. member's allegation that we have been negligent. One of our key employees made a human error. If anyone has never left a briefcase on a bus, let him throw the first stone, is all I can say.

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

**MR. BLAKENEY:** — I say one other thing. I do not recall the Progressive Conservative Party insisting on our not giving out budget information in advance. I do not recall that, although I do not deny it. It is our judgment that over the years, the system of sending out budget information in advance so that all the media in the province can have it at the time that it is presented, has worked well. We do not believe that insisting that every radio and television station be represented in the press corps and be locked up will work in our province. It would mean that the CKKRs and the CKSLs would be cut out and I simply do not see that that could work. Yesterday, for good or ill, we sent out tapes and video-tapes of the budget and they're under embargo and I have confidence that they will not be used. I think that system has served us well and I don't think we should throw it out because of this particular human error.

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

## **PRIORITY OF DEBATE**

### **Budget Leak to Media**

**MR. R. L. COLLVER (Leader of the Opposition):** — Mr. Speaker, before the orders of the day, in accordance with Rule 17 of Rules and Procedures of the Legislative Assembly of Saskatchewan, I would like to move that a matter be given priority of debate for the purpose of discussing an urgent matter of public importance and I state the matter to be:

1. Confidentiality of the budget scheduled to be presented by the Minister of Finance at



2:30 p.m. today was breached as evidenced by a report of documented information in the Regina Leader Post, dated March 7, 1979.

2. Certain taxation policies of the Government of Saskatchewan, including an increase in cigarette tax, were revealed prior to their introduction to the Assembly, thereby enabling certain individuals to take advantage of prior knowledge of budget information.

3. As a result, there is an urgent and compelling need for the Treasury Board and the Minister of Finance to immediately review their presentation to insure that equity for all taxpayers is maintained.

4. As a result, there is an urgent and compelling need for this Assembly to discuss the reasons for the breach in confidentiality and to recommend before the budget is presented, appropriate measures to ensure that it doesn't happen again.

**MR. SPEAKER:** — I have a statement with regard to the Leader of the Opposition's matter that he raises at this time. The Leader of the Opposition has asked leave to move a motion asking for priority of debate for the purpose of discussing a definite matter of urgent public importance under Rule 17. A notice regarding the matter proposed for priority of debate was received in the Clerk's office at 10:45 a.m. today for which I thank the hon. member. It is my duty to determine whether this matter falls within the guidelines of Rule 17(10) and whether any ordinary parliamentary opportunity to debate this matter will occur shortly or in time. I refer all hon. members to Beauchesne's Parliamentary Rules and Forms, Fifth Edition, page 91, paragraph 285 and also to May's Parliamentary Practice, 19th Edition, page 339 which outlines the Speaker's responsibility.

The fundamental principle underlying Rule 17 was to provide an opportunity within a proper framework of parliamentary procedure where none otherwise existed, for the immediate discussion of any matter deemed to be of such urgency and importance that all of the normal or special business of the Assembly should be put to one side, in order to provide complete right-of-way to a discussion of one specific particular subject.

I have considered this matter carefully and find that it does not violate any of the restrictions outlined in Rule 17(10). It therefore remains for me to determine whether the regular business of the Assembly should be set aside or whether an ordinary parliamentary opportunity will occur in time for the Assembly to debate this matter. From my examination of the notice submitted I find that the matter raised is of public importance and urgent enough for the Assembly to have an opportunity to debate it before the presentation of the budget. Therefore, has the member leave to proceed?

Leave was granted.

**MR. COLLVER:** — Mr. Speaker, I first of all would like to suggest to Mr. Speaker — and I am very pleased to have received his ruling — that the matter is of urgent public importance and that the matter requires the debate of this Assembly. We consider certainly the matter to be of urgent public importance and no laughing matter. When this matter and other matters have been raised before this Assembly and this session of the Legislative Assembly we have received from the Government of the province of Saskatchewan — laughter! We have received from the Premier — laughter! They think, for example, that a member of their Treasury Board could be subject to blackmail without any action by the Premier of Saskatchewan. They think that is funny! They

stated so to the people of the province of Saskatchewan. They think, Mr. Speaker, that it's funny and they thought so before, when we raise as an opposition the fact that the government uses its power to defeat the potential of the opposition to raise money in the province of Saskatchewan. They think that's funny! They think and provide humorous clips for the members of the press. They think it's funny when the people of Saskatchewan in order to have a budget presented that is fair to all, they think it's funny that their minister through his inadvertence, his negligence, is allowed to reveal budget information prior to the issuance of the budget. Mr. Speaker, they think it is funny and call it an unconscious human error when the Deputy Minister of the Environment admits (and his minister admits) that there is a human error and allows PCBs to be spilled in the city of Regina and does not take appropriate action and does not inform the minister. They think that's funny. Well, Mr. Speaker, we in the Progressive Conservative Party of Saskatchewan do not think this is a laughing matter. We do not think it is funny and it is inappropriate for the Premier to make joking remarks today about whether or not the budget information was leaked.

We have heard in this question period today, for example, that firms today and individuals today are taking advantage of the budget leak and are profiteering on cigarettes in the province of Saskatchewan. We've heard today the most inappropriate excuse that any minister could ever give, that any Premier could ever give to a call for a ministerial resignation; that is that some employee of the Government of Saskatchewan is responsible for that which, in parliamentary tradition, in parliament in Ottawa, in parliament in London, is directly the minister's responsibility — trying to pass off on a scapegoat the responsibility of the Minister of Finance to ensure that his budget presentation is presented on the day that he announces it is going to be presented to the legislators of the province of Saskatchewan, not to anyone else and that includes the press corps. Other legislatures in Canada, other provincial legislatures in Canada, most of them, require that the recognized members of the Saskatchewan press corps (or of their press corps ) be required to take an oath of secrecy in order that they can get around the electronic age to which the Premier is referring and ensure that all members of the press corps receive similar treatment by the Government of Saskatchewan. I want to notify the members of this Assembly today that there is only one reason and one reason only why the NDP has conducted its affairs in releasing budget information to the press prior to the date on which it is to be delivered by the minister because as every member of this Assembly will know the government wants to steal all the press on budget day. They don't; that's why. They don't want the opposition to make any comments on budget day and they know that by the time the budget speech is delivered, the electronic media in the province of Saskatchewan have already put their stories to bed. That's why they pre-taped it — last night and today. That's why they preview it to everyone and give members of the Saskatchewan press corps copies of the budget. Actual copies of the budget were delivered to members of the Saskatchewan press corps last night at 5 p.m. Copies of the budget speech that is to be presented in this Assembly by the Minister of Finance were provided first to the press corps and not one of them was required to swear an oath of secrecy that he would keep that document secret. Think of the consequences. Any individual in the province who knows where the provincial income tax is going, for example, may alert one of his friends to hurry up and do something about his income so that he can reduce the impact of income tax. Any corporation in the province that knows in advance where the corporate tax is going in Saskatchewan can make his friends aware of how it will go about organizing its affairs to take advantage of this prior knowledge. That's why the budget is supposed to be confidential. That's why the budget traditionally, over the last hundreds of years, has been confidential. And when any leak occurs in any legitimate government in the parliamentary system, the Minister of Finance has immediately

offered his resignation and it is usually accepted. That's why Tommy Douglas, the former national leader of the NDP, the former Premier of the province of Saskatchewan called in the House of Commons for the resignation of the Minister of Finance at the time of the budget leak in 1963. Furthermore, Mr. Speaker, he related to the people of Canada in his speech in the Commons what happened in Britain as a result of a much more minor incident than has just occurred in the province of Saskatchewan.

The government today has put forward the following letter as their excuse, as their scapegoat. They haven't offered the Minister of Finance's resignation. They haven't asked the Minister of Finance to hand in his resignation. They say it's a human error like the one committed by the Deputy Minister of the Environment. This letter I'd like to read to this Assembly so that you know: (a) that I received a copy in advance, (b) that I rejected this in advance. It's not enough for an information officer to offer his resignation which the Premier won't accept a nice little public relations gimmick designed to show the people of Saskatchewan, well we found the culprit in less than 24 hours. We found the culprit responsible. Therefore, the Minister of Finance is off the hook; the whole Finance Department is off the hook. This is the letter addressed to Mr. Smishek.

This is to inform you that I believe an act of carelessness, on my part, made it possible for the news media to publish, on March 7, certain 1979-80 provincial budget information that was not to have been made public until announced by you and your budget speech to the legislature at 2:30 p.m. March 8.

To the best of my knowledge the sequence of events was as follows: — (and I will emphasize that again) — to the best of my knowledge the sequence of events was as follows. (That is the evidence the Premier was referring to.)

As has been the practice for several years, arrangements had been made for Information Services to produce a short tape, recording and film clip, that would involve a statement by you containing highlights of the budget speech. This material is traditionally sent to out-of-Regina media outlets, embargoed for release at the time of the budget address in the legislature. The recording of this material began at about 8:45 a.m. March 7, in what is known as the press conference room.

When you and I arrived at the press conference room I had, in my possession, two copies of one draft script marked Budget Speech, TV, radio news, Hon. Walter E. Smishek and one copy of a second draft script, with the same heading.

I emphasize now, out of this letter, 'when you and I' the letter as written to Walter Smishek. I go back to the letter:

You will recall that we commenced the recording session, but after some discussion agreed part of the script that you were using might need some revision. You were to return later that morning to complete the recording and the film clip.

We left the press conference room still in discussion concerning the script and while I did not realize it at the time, I inadvertently left one copy of each

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draft script in the press conference room.

I ask you, Mr. Speaker, and members of this Legislative Assembly, the Minister of Finance is in the room. The Minister of Finance traditionally throughout all parliaments is required to ensure that budget confidentiality is maintained. And the very scapegoat that they try to perpetrate on the people of the province of Saskatchewan, admits in this very letter, that it is the responsibility of the Minister of Finance.

A human error? Why wouldn't the Minister of Finance, whose very obligation it is to ensure that nothing gets out, make certain that nothing was left in that room? That is his job. Why wouldn't he absolutely make positive before he left the room that there was nothing left behind? And if he be that slipshod, when it comes to giving a TV coverage, and that slipshod, when it comes to going in with a press officer, an information officer, a highly paid employee of the Government of Saskatchewan, if the Minister of Finance would be that slipshod, then he would be that slipshod in his dealings outside the legislature, outside the radio room, outside the press room and how do we know that he hasn't been that slipshod and given all kinds of people, all over the province of Saskatchewan, an opportunity to benefit from a prior look at the budget.

I go back to the letter. I am convinced the information published came from the scripts I have mentioned. Because of the nature of some of the information contained in the news stories, there is no doubt in my mind the media did not get the information directly from a copy of the budget speech, or the spending estimates; there was no leak of budget documents. According to Mel Hinds and the Premier, this is his investigation — the Premier is satisfied, in so far as he is the first minister of the people of the province of Saskatchewan, that an information officer whom he hires has just made a mistake. He is satisfied that no further investigation is necessary. He is satisfied with the man whom the government of Saskatchewan hires to put forth the ads on Saskatchewan family of Crown corporations, and perpetrate the NDP 'good news' ad infinitum for the people of Saskatchewan — that man's word is enough for the Premier. That man's word is enough to ensure that the Minister of Finance reneges on his responsibility.

I go back to the letter.

I deeply regret the embarrassment my inadvertent action has caused to you as Minister of Finance, to the Department of Finance, and to the government. I take full responsibility for this matter.

Oh, I can appreciate from Mr. Hinds that he takes full responsibility. But that is not the tradition of parliament; that is not the tradition of the legislature; that is not the tradition in a democracy. The minister, the elected representative of the people has to take the responsibility, has to take it.

I go back to the letter.

I take full responsibility for this matter and therefore have, by letter of this date to Premier Allan Blakeney, offered my resignation as Director of Government Information Services effective immediately. Sincerely, Mel Hinds, Director.

And, I have a copy of the resignation letter, which I will read:

Due to the circumstances outlined in the attached letter to the Hon. Walter E.

Smishek, Minister of Finance, concerning premature publication of certain 1979-80 provincial budget material. I hereby offer my resignation as Director of Government Information Services.

Now, Mr. Speaker, we say that is not 'class'. We say it is the Minister of Finance's responsibility, and he must take the full responsibility for this leak. We also say that the people of the province of Saskatchewan and their rights have been jeopardized by this leak. The fact is that when you hear about one leak, you must think about many leaks. You must think how many people saw the budget prior to its issuance to the people. How many people in the province of Saskatchewan had this prior knowledge? You must think of that. You must also think of the number of individuals and people in Saskatchewan, and corporations, major multinational giants, major multinational partners of the NDP in Saskatchewan. You must also wonder to yourself, did they get prior information to this budget. And if the people are wondering that, they are entitled to a more satisfactory investigation than a less than 24-hour investigation by the Premier. They are entitled to a full and complete investigation, (not only by the Premier), much more full and complete than less than 24 hours. They are entitled to an investigation by an outside agency who are known to be independent of the government. The tradition in all parliaments in Canada has been to call for and receive, on such a serious matter as this, a judicial inquiry. Surely the people of Saskatchewan are entitled to know, before the budget is presented, that no individual corporation or individual business or individual person throughout Saskatchewan can take advantage of prior knowledge and profiteer at the expense of a minister of Finance who refuses to accept his responsibility.

Mr. Speaker, we think it is important, we think it is no laughing matter. I can assure the Treasury Board and the Premier and the Minister of Finance that the people of the province of Saskatchewan do not consider this a laughing matter; they do not consider this inexcusable and negligent act a laughing matter. Therefore, Mr. Speaker, I move following motion, seconded by my desk mate the member for Thunder Creek (Mr. Thatcher):

That this Assembly:

1. regrets the inefficiency and negligence of the Minister of Finance (Mr. Smishek) in allowing the traditionally wise policy of budget confidentiality to be breached, thereby allowing a select few to take advantage of prior budget information and taxation policy to the detriment of taxpayer equity and therefore, demands the resignation of the Minister of Finance.
2. recommends that all members of the press core recognized by this Assembly and by the Speaker be required to take an oath of secrecy as is required by the federal parliament and by most of the other provincial legislative assemblies in Canada.
3. recommends that an immediate investigation be conducted by the Premier to ensure that no member of his cabinet was additionally responsible for the breach of budget confidentiality and that the Premier be required to report his findings to this Assembly immediately.
4. recommends that a judicial inquiry be established to investigate immediately the breach of budget confidentiality evidenced in the Regina Leader Post of Wednesday, March 7, 1979.

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5. recommends that the Government of Saskatchewan withdraw its intended increase in cigarette tax in order that any individuals who may have attempted to profit by prior budget information not be rewarded.

6. recommends that the Government of Saskatchewan (and more specifically the Treasury Board) withdraw its budget presentation today and present it again on Thursday, March 15, 1979, after having reviewed all of its taxation policies in order to ensure taxpayer equity.

**MR. SPEAKER:** — I have checked the proper procedure for the member for Nipawin (Mr. Collver) to follow in placing a motion before the House and I find the member for Nipawin is out of order with his motion.

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

**MR. SPEAKER:** — Order, order! This puts the Speaker in a difficult position because the member for Nipawin has had his say with regard to the issue and what I am going to do is to put myself in the hands of the House and if unanimous consent is given to allow the member for Nipawin to submit a proper motion, then the member for Nipawin will be allowed to submit a proper motion. If permission is not given, then obviously it cuts the government off from making a reply and the issue stops there.

Now, I am going to ask the House if they wish to give unanimous consent to allow the Leader of the Opposition to properly word his motion so it will be acceptable to the Chair.

**MR. R.L. COLLVER (Leader of the Opposition):** — Mr. Speaker, you have not stated to us why the motion was out of order. Perhaps you might do that and then we will know what changes you want us to make.

**MR. SPEAKER:** — Order. It's not for the Speaker to put the member's motions in order. It's up to the member to do that. I have stated to the member that his motion doesn't follow the proper form in this instance and it's up to the member to remedy the situation. He has been given unanimous consent of the House to do that.

**MR. W.C. THATCHER (Thunder Creek):** — Mr. Speaker, speaking to your ruling. We do not all profess to be lawyers of the calibre of the Attorney General. We have submitted what we think is a motion . . .

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

**MR. THATCHER:** — Perhaps I should rephrase my remarks. Perhaps we are lawyers like the Attorney General because like most of his legislation, we are out of order. But, Mr. Speaker, I have never in my years in this Assembly, heard you make a ruling where you have been so, shall we say, bare bones about the whole thing. Mr. Speaker, this is a matter of great public importance and we are trying to treat it as such. Now, Mr. Speaker, you have made a ruling regarding something that we have, in good conscience, submitted to you for appropriate debate. Mr. Speaker, we ask you so that we can carry on with this, please tell us what you find objectionable and specifically what you find not proper in this. Mr. Speaker, I don't think there's anything wrong with a request like that. On behalf of the opposition, I ask you, please tell us what do you find out of order.

**MR. SPEAKER:** — As I stated before, it's not the job of the Speaker to draw the motions up to members of the House. The member for Thunder Creek can see the consequence of that, I hope. I might be as deficient as the member for Nipawin in drawing up the proper motion and I certainly can't put myself in the position of drawing up an improper motion for the member for Nipawin. Now, I say this without wanting to get into the debate and I don't intend to go beyond this point. The member for Thunder Creek says this is a matter of urgent public concern. I would think to myself — and I think he should think — that if it is a matter of public concern, then the proper precautions should have been taken by the member for Nipawin in making sure that he followed the proper form in this very serious, unusual procedure of the House in following Rule 17. Now, I am afraid that I cannot allow the member for Thunder Creek to hold me responsible for something that the member for Nipawin should have done. I think that's the conclusion of the matter. The members have allowed the member for Nipawin to proceed.

**MR. COLLVER:** — Mr. Speaker, I must inform the Assembly and you that I did in fact, approach the Clerk of the Legislative Assembly today with this motion, requesting that I set some kind . . .

**MR. SPEAKER:** — I don't care particularly, who the member for Nipawin approached about his problem. That's not for me to solve. The member for Nipawin can approach whomever he wants to approach but the member for Nipawin takes the final and complete responsibility. The member for Nipawin can seek advice from lawyers or from other officials or from other sources. But I think that the member for Nipawin can't rise in this House and say that he has sought advice from other people and hold them responsible before this House when in fact they don't have an opportunity to respond in this House.

## POINT OF ORDER

### Require Motion asking for Priority of Debate

**HON. R.J. ROMANOW (Attorney General):** — Mr. Speaker, this is budget day, and we have a lot of people here waiting to hear the budget. I would suggest that what the members opposite do is, I don't know if this is in a current up-to-date rules book, but on page 15 relating to rule 17, I think is the procedure, sub 11. It's actually earlier than that. What is required is a motion asking for priority of debate. That's the motion that should have been made. If that motion passes, then under 17, 11(b) another motion without notice, strictly relevant to the subject aforesaid shall be in order. That's what the leader of the Conservative Party sought to introduce, namely, the second motion before the first motion. Now what he needs to do is to get a motion reframed asking the priority of debate to be granted, and we'll decide at the end of that debate, whether he has the go head or no go ahead. If he gets the go ahead, then he moves his second motion. That's the error that he's made, with all due respect. So in the interest of getting on to the debate, the budget debate, and hearing the Minister of Finance (Mr. Smishek) tell us, the people of the province of Saskatchewan, on budget details I suggest that somebody get that motion drafted for the hon. member.

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

**MR. COLLVER:** — I certainly would thank the Attorney General for his advice in this matter, and we will proceed forthwith to put in that motion. I am assuming that that is what is out of order. Certainly we didn't catch it to start with. We will certainly do the

best we can.

**MR. LANE:** — Mr. Speaker, and I know it's prefacing . . . not the practice to question Mr. Speaker. Mr. Speaker is aware that this is his first time that he has made a ruling without giving an explanation for any members of all sides of the House when he has made such a ruling, and I'm wondering if Mr. Speaker would indicate whether this is now going to be the ongoing practice or whether this was a single precedent.

**MR. SPEAKER:** — Well, I think the House is quite aware of the statement I made. I have it here before me. It's a page long. It's in conformity with many, many statements by the Speaker, many of them dealing with rule 17, priority of debate. I have not changed my procedure and I don't intend to allow the member for Nipawin to change the procedures with regard to his motion, because that would be abridging the rules of the House, and I'm here to enforce the rules of the House. And my statement was delivered in a manner similar to many other statements I've delivered as a Speaker, and also dealing with statements under rule 17, priority of debate.

**MR. THATCHER:** — Mr. Speaker, would you inform this Assembly, what the precedent is for the ruling that you have just made. It is certainly a different practice than what you have followed in the past. certainly since 1975, and would you be a trifle more specific, with all due respect to the member for Qu'Appelle's question. Are we to assume that this is now going to be an established practise in the House, because, Mr. Speaker, with all due respect I do submit to you that you have never made a ruling in this fashion since I have been in this Assembly which isn't all that long, but if this is the first time would you please be a little more specific to the member for Qu'Appelle's question, with all due respect?

**MR. SPEAKER:** — It is incumbent upon the Speaker to cite the necessary parliamentary precedents which support his ruling. I have done that and I can read them again but they are in the record now and I don't think it is necessary for me to read it again. The Speaker has to be very careful in rulings especially of this nature because by supplementing the ordinary parliamentary form of a ruling the Speaker puts himself in danger of getting into the debate of the House. Now I could have been more specific with regard to the importance and urgency of this matter as I discussed the matter in my Chamber and thought about the matter in my Chamber but I don't want to get into the debate of the House; I don't want to come out on either side of this issue. I think it is incumbent upon me to try to stay away from debate and by becoming more explicit than I normally become in giving statements I would put myself in this position. I know members in the long run would not want the Speaker to be in this position, where he would be injecting himself into the debate.

Does the member wish to read the motion?

**MR. COLLVER:** — I move, seconded by my seatmate the member for Thunder Creek (Mr. Thatcher):

That the matter submitted to the Speaker as a matter of priority by R.L. Collver, Leader of the Opposition, on March 8th, 1979 at 10:45 a.m. be given priority by this Assembly.

**MR. SPEAKER:** — I think the words while not precisely as they occurred before are sufficiently close to allow me to call the motion to be in order and the debate will



proceed.

**MR. THATCHER:** — Mr. Speaker, in very briefly seconding this motion, I suppose since the government of the day will not do so, it should come from someone in this Assembly that all of us, all 61 MLAs in this Assembly, should feel some measure of guilt or irresponsibility for the Minister of Finance (Mr. Smishek) because apparently he doesn't feel it. The spectacle of a budget being leaked, something which is unprecedented. In parliamentary tradition when this happens in Great Britain, action is taken by the responsible ministers. When it has happened in Canada, responsible ministers and, as I heard the term used earlier, ministers with class, take the appropriate action.

Mr. Speaker, I would like to say to the Assembly and to the people of Saskatchewan particularly, that we in the Progressive Conservative Party are embarrassed for the government, because apparently they don't have enough class to be embarrassed themselves. I'm sure right now we are having the spectacle of the budget details being revealed throughout the province through a variety of news media and yet we have not yet heard the budget in this Assembly.

Mr. Speaker, we have seen the Premier make light of this matter. We have heard the Premier tell us about all the people that have access to the most confidential document any government produces in the course of the year. We have heard the Premier tell us about how easy it would be for budget leaks to occur. And we've heard the Premier scoff at suggestions that anyone having an advance copy of the budget could in any way, shape or form, profit from it. Mr. Speaker, very respectfully, I suggest to the people of Saskatchewan even the Premier of this province doesn't really believe that.

Mr. Speaker, I would like the people of Saskatchewan to know that while this government has possibly released this budget to the media all across Saskatchewan and Canada, that as the financial critic in this legislature for the opposition, I have not yet seen a copy of it. I know only what I've read in the newspaper, and by the minister's comments, I assume what I've read in the newspaper must be authentic. However, I refuse to comment on those figures until I see a copy. But to the people of Saskatchewan, I would like to say, if there has ever been a farce, a total farce, it has been this budget spectacle.

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

**MR. THATCHER:** — Mr. Speaker, I also want to say to the people of Saskatchewan that we apologize for the delay. On behalf of the Minister of Finance and this Assembly, we apologize for the delay in the presentation of this budget. But I would also say to the people of Saskatchewan that we on this side of the House, the 17 of us, are to provide an adequate opposition and point out where the government has made tragic errors. Mr. Speaker, we have acted in this matter as a responsible opposition. I suggest to you that if the Minister of Finance had acted in the appropriate fashion, in a tradition that is as old as the British parliamentary tradition itself, and had resigned, and another minister had stood up to read that budget, this would not have been necessary.

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

**MR. THATCHER:** — Mr. Speaker, I want to say to the people of Saskatchewan that we think we have adequately pointed out to them the type of government, the type of incompetence and a deplorable breach of privilege which has happened in this legislature. We have pointed it out. I intend to sit down and we will allow the budget

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debate to proceed. Again, Mr. Speaker, since the government does not have the class to do it, please allow the Progressive Conservatives to apologize for this terrible, terrible incident.

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

**MR. BLAKENEY:** — Mr. Speaker, I thank the hon. member for Thunder Creek for his comments and particularly what I trust is his implied promise or suggestion that once we have had a brief debate on this we can go forward with the presentation of the budget. People who are here to find out what the budget offers by way of comfort or otherwise for their particular concerns will have an opportunity to hear the Minister of Finance.

I do want to comment very briefly, on a couple of the suggestions made by the hon. member for Nipawin because I do not wish them to pass without a comment from me. He continues to allude to the fact that somehow I am making light of matters which he raises in this legislature. He referred to the fact that I made light of his comments today and of the degree of seriousness with which the subject ought to be addressed. I do nothing of the kind. I think that the fact that I may not agree with him and may not agree with the manner in which he presents his arguments is no evidence for the fact that I make light of them. I want to make one other comment. He keeps persisting in saying that with respect to the PCB incident no adequate steps were taken. As we all know, steps were taken which on all the evidence to date were wholly adequate. The error there was lack of informing the minister, not lack of taking all steps needed to protect the environment. I think that point should be made since when I listen to the member for Nipawin, I get another interpretation and in my judgment, one which is not supported by the facts.

Going now to the issue which he raises today, I want to say and to say to the hon. member for Thunder Creek that when he says we are not embarrassed, he is in error. We are embarrassed. An error was made and an error which we wish had not been made. We therefore must share the embarrassment of all hon. members that this error was made. The issue is not whether or not an error was made and not whether or not responsibility should be taken but what evidence of responsibility the members seek. The members seek the resignation of, presumably, the responsible ministry, either the Minister of Finance or myself. In my judgment, that's inappropriate. In my judgment the circumstances do not call for a ministerial resignation. No one suggests that they are not serious. I do, however, suggest that there is no evidence to suggest that there has been any serious public prejudice and accordingly I do not feel that I would be right to accept a resignation from my minister, nor do I think I would be right to tender my own resignation to the Lieutenant-Governor. In my judgment the circumstances do not call for a ministerial resignation. No one suggests that they are not serious. I do, however, suggest that there is no evidence to suggest that there has been any serious public prejudice and accordingly I do not feel that I would be right to accept a resignation from my minister, nor do I think I would be right to tender my own resignation to the Lieutenant-Governor.

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

**MR. BLAKENEY:** — Let me make a few rather obvious comments. A very large number of people know the contents of the budget in our practice. Whether or not this should be the case is something we can debate at another time. But to suggest, let us say, the 44 MLAs on the government side do not know what is in the budget, is not true. It has been the custom of our caucus to share the budget before it is presented and I suggest it has been the practice of the caucuses of government parties before me. So there is that number. There are a very large number of provincial public servants. I noted the member for Thunder Creek (Mr. Thatcher) saying that he hadn't had a copy and may I say that he will get a copy as soon as the Minister of Finance stands up in his seat and, if he does, it will be about one and one-half hours before I got a copy when I was the budget critic on the opposition from another government at another time. We will most assuredly provide him with a copy.

Now let me get to the nub of the matter, the nub of the matter being, firstly, the call for the ministerial resignation, which I say is not justified in all the circumstances. Secondly, the call for substantial change in our budgetary procedures, a call for the fact that nobody other than in the immediate circle of the government should know what is in that budget until the Minister of Finance stands on his feet, a call for a regime whereby the only members of the press who would know would be those in the press corps who were sworn to secrecy, a call for the Ottawa practice . . .

I understand what the member is saying; I do not believe it would be in the best interests of the people of Saskatchewan.

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

**MR. BLAKENEY:** — Let us look at some facts. We have followed the procedure which we are now following for some considerable number of years and in the course of so doing we have enabled to make available to radio stations in Estevan, in Rosetown or television stations in Prince Albert or Lloydminster the facts of the budget so their listeners could know even though members of the media were not represented in the press corps. And they are not — they are not. I don't think it is wise for us to say the only people who can get the budget facts are those who have the money to have a member of the press corps.

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

**MR. BLAKENEY:** — The system which we have worked has worked well. Clearly, it has shown a defect but I do not believe that as sufficient evidence for us to abandon our system. It has worked well under our government; it has worked well under the Liberal government and I think we are unwise to say to the listeners for the Kindersley radio station that they shall not get the details of the budget until well after the Minister of Finance has presented them because they shall not receive a clip, a voice clip in advance as has been the custom for a good period of time. So I reject that argument. I think that while it may have merit in Ottawa where frequently budgets have an impact which could allow someone to make a significant profit if they knew in advance, our budgets rarely do.

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The member talks about, let us say corporate income tax or personal income tax and if you know those changes, you can make some money. I don't know in complete detail the tax provisions that the Minister of Finance is going to stand up and give but the fact that they are there and known at 2:30 p.m. on this day or known the day before, when they're all going to be retroactive to January 1 in any case, will not allow anyone to profit by as much as a dime.

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

**MR. BLAKENEY:** — I ask hon. members to look at any of the budgets which we have presented and ask whether or not prior knowledge of them would have given anybody an advantage. I ask that. If the answer is no, then why should we withhold that information from the public until the day after the Minister of Finance makes it available in this House. I say to you that unless members can put some evidence on the Table that anyone could profiteer, then I think their bogeymen about profiteering are ill-founded. I have seen no evidence that anyone could profiteer from the prior knowledge of the application of a retail sales tax. The information, I think, is fairly clear that a retail sales tax can really only benefit people who may as consumers wish to buy in advance and since the information gave no evidence of how much the tax was going to be increased, it is rather a diligent smoker who would go out to load up on cigarettes because the price was going up by an amount of which he did not know the number. I don't think it will happen.

Mr. Speaker, the hon. members suggested and the member for Nipawin suggested that I was unwise to accept the word of Mr. Hinds. I think he is wrong. I know Mr. Hinds. I had a conversation with him and I would believe his word as well as the word — I'll put it no higher than that — of a large number of members of this House. I think this is not in any sense an allegation against any members of this House. It is that Mr. Hinds is a thoroughly reliable person and if he tells me something on his word, I believe it.

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

**MR. BLAKENEY:** — Mr. Speaker, I am convinced that we have told the House what has happened to the best of our knowledge. I do not believe that there is any significant possibility of another source for budget information. Accordingly, I believe that we have acknowledged that an error was made, advised the House of the nature of the error, assumed the appropriate ministerial responsibility. I do not in any way quarrel with the fact that the opposition has raised this, because it is a serious matter, and it was raised as a serious matter. We have tried to respond in that light. We believe that the matter has been appropriately dealt with. We do not believe it calls for a ministerial resignation. We do believe that it calls for a considerable tightening of our procedures. I give to the House the undertaking that that will be done, and I ask the House to accept that . . .

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

**MR. BLAKENEY:** — . . . I ask the House to accept that and permit the Minister of Finance (Mr. Smishek) to proceed with his budget.

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

**MR. COLLVER:** — Mr. Speaker, I am appalled that the Premier of the province . . . (inaudible interjection) . . . Oh, it's very funny — another funny issue. I am appalled, Mr. Speaker,

to think that the Premier of Saskatchewan would believe that the members of this Assembly, or the people of the province of Saskatchewan would believe that it is enough that he is going to tighten up procedures. I am appalled at his lack of understanding of the ability of retail outlets to make money on prior knowledge of an increase in cigarette tax, and therefore take advantage of their special knowledge. I am appalled by the Premier's refusal to consider the resignation of the Minister of Finance when the tradition of all parliaments would suggest that, if it is not forthcoming from a Minister of Finance with class, he should immediately ask for the resignation of the minister. I am appalled that the Premier of Saskatchewan refuses to insist that anyone who has prior access to taxation information should be required to take an oath of secrecy — and that includes the members of the press corps. I am appalled that the Premier of Saskatchewan would believe he could perpetrate on the people the fact that an investigation had been conducted in less than 24 hours, and that because his minister of public information or deputy minister of public information presents a so-called explanation, and a so-called resignation, that this scapegoat (whose resignation the Premier wouldn't want to accept) is the end of the matter. However, since the Premier has refused to accept the responsibility; since the government members have 44 to our 17; since they have already printed in the Leader Post at least the budget speech that the Minister of Finance is about to give supposedly without giving anybody else copies except maybe a few others that no one knows about; and because nothing will be served if the Premier refuses to accept the legitimate suggestion that the budget be reviewed in the light of this serious breach that he admits, and reviewed over the next week and presented again; since nothing will be gained since you refuse to accept that suggestion, we, therefore, will have no objection to the Minister of Finance proceeding with a budget that everybody already knows about anyway.

Motion negatived.

### 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, 1980 and supplementary estimates of certain sums required for the service of the province for the 12 months ending March 31, 1979 and recommends the same to the Legislative Assembly.

**MR. SMISHEK:** — Mr. Speaker, I move, seconded by 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 rise in the traditional way to present the government's budget for the coming fiscal year. May I say at the outset, Mr. Speaker. I deeply regret the unfortunate incidents of yesterday. What happened should

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not have happened, but it did. As you have heard, it happened by no one's design. But the fact that it happened on what has traditionally been a happy day, a day which gives substance to people's hopes and expectations for the coming year, I apologize. But I'm confident that what I have to say today will keep faith with the tradition of the budgets which have come before by the Ministers of Finance who have served under the NDP and CCF governments.

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

**MR. SMISHEK:** — The substance of this budget will, I know, be welcomed by the people of Saskatchewan. Therefore, Mr. Speaker, I am honored to present to you, to the members of the Legislative Assembly, and to the people of Saskatchewan, the eighth budget of this New Democratic government.

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

**MR. SMISHEK:** — Nearly eight years ago, this government was elected on a commitment to create a new deal for the people of Saskatchewan. We pledged ourselves to new social and economic priorities, priorities which placed people first. In 1971, we began to build on that promise. The cornerstone was a resource policy determined to extract for the people of Saskatchewan fair value for resources used. Our determination, Mr. Speaker, has paid off. We captured a fair return on our resources. We were able to take great strides in providing needed programs for our people. We were able to shape a tax system which reduced the burden on those least able to pay income and property taxes. We were able to champion the cause of greater autonomy for our municipalities, school boards and hospital boards by introducing novel and generous funding concepts. We helped transform local governments from provincial dependents to partners, with a share in Saskatchewan's growing wealth, with greater capability to make meaningful local decisions.

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

**MR. SMISHEK:** — Now, Mr. Speaker, the New Deal for People is now a reality. On October 18 of 1978, we asked the voters of Saskatchewan to judge this record. Their approval was resounding.

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

**MR. SMISHEK:** — Mr. Speaker, 44 members on this side of the House are proof of that approval. Mr. Speaker, we view our victory as a mandate to help the people of Saskatchewan fulfil new aspirations as we enter the new decade. Today, in this budget, I will place the capstone on the tremendous achievements of the 1970s and begin to lay the groundwork for the New Decade of Progress. This new decade will hurl great opportunities for this province and its citizens.

Now, Mr. Speaker, the 1980s are at hand. As we approach the new decade new meaning has come to our reputation as 'next year country.' Next year is in sight. People throughout Saskatchewan are excited about the prospects for this province in the years ahead. Resources were the key to our New Deal for People — they will also be the key to our New Decade of Progress. There are a number of major resource development projects which we are scheduled to come on stream during the 1980s. Projects such as the Cluff Lake and Key Lake had the potential to place Saskatchewan among the world's major producers of uranium. Expansion and modernization of the Potash

Corporation of Saskatchewan Mines will enable the province to take full advantage of the extending world markets for potash.

In late 1978 several major announcements relating to exploration and development in heavy oil were made. These point to the importance of these resources to Saskatchewan's and Canada's energy future. In manufacturing, a major expansion of Interprovincial Steel and Pipe Corporation's mill in Regina is now under way. This expansion will allow IPSCO to produce a greater variety of steel products. Pending the awarding of contracts to supply pipe for the Alaska Highway Gas Pipeline, a major increase in capacity is being planned. Together, these projects will provide the base for the Saskatchewan of the 21st Century. Along with other developments these projects promise a Saskatchewan economy which is stronger and more diversified, able to provide more new jobs and controlled by and for the people of Saskatchewan.

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

**MR. SMISHEK:** — Now, Mr. Speaker, the United Nations has designated 1979 as the International Year of the Child. The greatest legacy we can leave our children is the opportunity to work, to build, to create, to grow and to do all of this in Saskatchewan. Last year we took one very important step towards providing secure opportunities for our children with the establishment of the Saskatchewan Heritage Fund. We take the next steps in this budget, laying the foundation upon which we may build a new and more prosperous Saskatchewan. This budget prudently balances growing demands against current revenue prospects, neither stripping our essential support for programs nor spending in a manner which we as a society cannot afford. It puts in place arrangements whereby essential services delivered by all levels of government will be continued with dignity and efficiency, but not with extravagance. This prudence today will reward us handsomely in the 1980s as the fruits of our resource policy make possible a new decade of progress.

Mr. Speaker, before I turn to our proposals for 1979-80, I would like to look at the economic framework within which we frame this budget and how we set it. Mr. Speaker, the growth of the Canadian economy was stronger in 1978, than in '77. However, unemployment and inflation continued to plague our country. Foreign trade provided a major boost to the Canadian economy in 1978. Despite reduced personal income taxes and a temporary cut in provincial retail sales tax in 1978, there was only moderate growth in national consumer demand. While after-tax profits were higher and unused industrial capacity was lower, the general lack of confidence in the Canadian economy caused private sector investment to grow only marginally. The restraint-at-all-costs philosophy adopted by the federal and several provincial governments created a drag on the national economy and hindered efforts to stimulate growth.

Our assessment for the Canadian economy in 1979 is for somewhat weaker growth and higher unemployment. We expect a slowdown in the United States economy. Therefore foreign trade will provide less stimulus to the Canadian economy than it did in 1978. This means that the domestic sector must provide much of the stimulus for economic growth. This appears unlikely as consumer demand is anticipated to continue to increase sluggishly. While investment expenditures will rise modestly, moreover, a lack of government stimulus and the high level of interest rates will continue to hold back the growth of the national economy.

This outlook for the Canadian economy reflects in a significant degree the uncertainty

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surrounding our future as a united country. Mr. Speaker, during the past year first ministers met on two occasions to discuss proposals for the new Canadian constitution. In addition, two meetings of premiers, chaired by our Premier, were held in Saskatchewan in 1978. The four Western premiers met in Yorkton in April, and all ten premiers met in Regina in August. In every case, our Premier played a leading role in working with his colleagues to strike a new bargain for Canada. The task is by no means complete, but the energy and skill shown by Allan Blakeney in working to keep Canada together, makes me deeply proud to be a citizen of Saskatchewan.

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

**MR. SMISHEK:** — Mr. Speaker, let me now turn to better economic news. Saskatchewan experienced strong economic growth in 1978. Agriculture and resource-related activity provided much of the stimulus. Our unemployment rate was well below the national average and continued to be one of the lowest in Canada. Total personal income for Saskatchewan grew substantially during 1978. Higher farm income was responsible for much of the improvement over 1977. Retail sales in Saskatchewan also increased at a much quicker pace during 1978. Higher personal income growth, together with reductions in personal income taxes and retail sales tax were the major factors contributing to the better performance of retail sales. Overall, Saskatchewan's farmers experienced improved conditions in 1978. Last year's wheat crop approached record levels. While farm operating costs continued to rise, cash receipts rose at a still faster pace, resulting in a 26 per cent growth in realized net farm income during 1978.

Mr. Speaker, 1979 holds promise for Saskatchewan's farmers. Measured in Canadian dollars, international grain prices have increased. In addition, beef prices are expected to be strong over the next year.

However, Mr. Speaker, our current inability to move our agricultural products to market is cause for great concern. Saskatchewan has indicated its willingness to co-operate with the federal government in resolving the fundamental problems facing a grain handling and transportation system. Later in this budget, I will have more to say about this long standing problem which hobbles our economy. But first, let me turn to another bright spot for Saskatchewan — mining. The value of mineral production increased by 24 per cent in 1978. The major contributors to this expansion were uranium, potash and petroleum. At the same time, 1978 saw unprecedented mineral exploration activity in northern Saskatchewan. About one half of Canada's hard rock drilling activity took place in this province. Drilling activity for oil and gas during 1978 reached the highest level in ten years. Land sales for oil and gas exploration and development set new record levels. Heavy oil was the focus of this activity. Overall, mining investment in Saskatchewan increased from 1977 by more than 50 per cent and will continue to flourish in 1979.

Mr. Speaker, our prospects for 1979 are bright. With even an average grain crop, Saskatchewan will attain economic growth in 1979 through improved grain and beef prices, expanded resource development activity and higher returns on our natural resources.

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

**MR. SMISHEK:** — Mr. Speaker, I would now like to turn to the specifics of our 1979-80 provincial budget.



In framing this budget we have been guided by our opportunity to cap a progressive new deal begun in 1971 and by our desire to lay the foundation for the new decade of progress. At the same time we have not ignored the needs of consumers, ratepayers, local governments and others who require our support.

This budget strikes a balance between our long-term goals and our immediate concerns and provides a logical link in the chain forged over the last seven budgets.

Mr. Speaker, last year, you will recall I presented a package of programs designed to help people cope with the rising cost of living. The package included a hefty income tax cut, an increase in the Property Improvement Grant, a 25 per cent increase in benefits to senior citizens under the Saskatchewan income plan, an average 5 per cent reduction in insurance rates for automobile owners, restricted increases in utility prices and electricity, natural gas and telephones, and the first phase of revenue sharing to hold down municipal mill rates.

These measures, along with the temporary reduction in our education and health tax rate, provided consumers with over \$100 million in benefits in 1978.

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

**MR. SMISHEK:** — Now, that translates into over \$100 more in the pocket of every man, woman and child living in Saskatchewan.

Mr. Speaker, this is the action we took to cushion the effects of rising costs of living. However, prices are still rising. In the light of this, I am pleased to report that the benefits from the cost of living package, which I announced last year, will remain intact in 1979. The lower income taxes and other benefits will continue. But, Mr. Speaker, I am also pleased to announce a 7-point program for 1979, which will enrich these measures and provide further protection from rising prices.

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

**MR. SMISHEK:** — The first point in this program is a further reduction in income taxes. Last year, this government introduced a new tax cut of \$30 per dependent child for low and middle income families. I am pleased to announce that for 1979 this tax cut will increase to \$40 per child, removing a further 1,200 taxpayers from the provincial income tax role.

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

**MR. SMISHEK:** — Taxpayers at all levels of income will have reduced income taxes in 1979 as a result of indexing. Provincial tax savings from indexing will amount to \$22 million this year. In addition, federal changes to the income tax system for 1979, such as the doubling of the employment expense deductions, will reduce provincial taxes by a further \$4 million.

The second point in our cost of living protection package involves property tax assistance. Three measures to be introduced in 1979 will reduce the impact of property taxes.

First, we will extend the property improvement grant to include renters. This new grant

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will be calculated at a five per cent of annual rent to a maximum of \$115. About 85,000 renters in Saskatchewan will receive benefits totalling \$7.5 million. Mr. Speaker.

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

**MR. SMISHEK:** — Second, our senior citizens — a special school tax rebate will replace the property improvement grant. It will provide a rebate of school taxes on the principal residence to a maximum of \$460. So that all senior citizen home-owners benefit, the rebate will in all cases, be a minimum of \$50 more than the property improvement grant to which senior citizens were previously entitled.

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

**MR. SMISHEK:** — An estimated 57,000 home-owners who are 65 years of age and over, will be eligible for grants totalling \$15 million, Mr. Speaker.

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

**MR. SMISHEK:** — Third, this budget will introduce phase two of revenue sharing. A significant injection of provincial funds will once again help keep municipal property taxes from rising and I will have more to say about revenue sharing a little later.

But let me now turn to the next point in the cost of living package. Mr. Speaker, the cost of home-ownership is a real burden for many Saskatchewan families, particularly young families just getting started and those with lower incomes. As part of this government's new decade programming, we promised to help these families in carrying the load of mortgage payments. Therefore, it gives me great pleasure, Mr. Speaker, to announce that beginning with the 1979 taxation year, we will introduce a provincial income tax credit for home-owners of up to \$250 based on \$1000 of the first mortgage interest paid on a family home.

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

**MR. SMISHEK:** — Mr. Speaker, this measure will reduce the 1979 provincial income tax for well over 100,000 taxpayers by a total of \$18 million. Mr. Speaker, in 1974, we introduced the Family Income Plan to provide financial assistance to lower income families with children and to provide a real work incentive to families eligible for social assistance. The Family Income Plan was the first program of its kind in Canada and it has been a success. I am pleased to announce three changes which will further improve the Family Income Plan:

1. The basic Family Income Plan entitlement will be increased by 25 per cent to \$50 per child per month.
2. The maximum income at which full benefits may be received will be increased from \$5,500 to \$6,200.
3. The \$200 child tax credit recently introduced by the federal government will not be considered as income for purposes of calculating Family Income Plan benefits. In effect, this will provide a further monthly benefit increase of almost \$17 per child.

Mr. Speaker, these changes to the Family Income Plan provide another \$4 million to eligible families with children. I am particularly pleased, Mr. Speaker, to announce

these changes along with the increased provincial income tax cut for dependent children for 1979, the International Year of the Child.

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

**MR. SMISHEK:** — Mr. Speaker, I have already announced that senior citizen home-owners will benefit from a rebate on their school taxes. In addition more assistance will be given to senior citizens living in nursing homes. Allowances to residents of special care homes will be increased by 8 per cent. Level II allowances will a rise to \$156 per month and level III allowances will now increase to \$464 per month as a matter of right. This increase will raise total allowances paid on behalf of nursing home residents to \$29 million in 1979 payments.

The sixth point in our cost of living protection package is for students. Mr. Speaker, the Saskatchewan Student Bursary Plan offers a direct way to offset inflationary increases in students, cost of living and to reduce barriers to post-secondary education. I am pleased to announce that for the coming year funding available to the plan will increase by 30 per cent.

Finally, our cost of living protection package will once again ensure that utility rate increases will be kept in line with cost increases. Telephone rate increases will be held to less than last year's increase of 8 per cent. Natural gas rates were not increased last year as you will recall, despite increases totalling more than 16 per cent in the cost of Alberta gas. An increase held to a maximum of 7.5 per cent has been announced for residential rates this year, effective on June 1, 1979. Electricity rate increases have also been announced and will not exceed 7.5 per cent for residential and farm customers.

Mr. Speaker, this seven point program will go a long way towards protecting Saskatchewan citizens against increases in the cost of living in 1979. It will reduce the burden of inflation on those who are hurt most, low and middle income home-owners, renters, senior citizens, students, low income wage earners and farmers. In budgetary terms, Mr. Speaker, our commitment is clear. Over \$254 million is being spent in this budget directly to offset rises in the cost of living in Saskatchewan. This means that there will be more money in the pockets of Saskatchewan people.

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

**MR. SMISHEK:** — Mr. Speaker, in Saskatchewan our way of life reflects our agricultural character and rural traditions. The people of this province are motivated by an abiding respect for the land and a conviction that co-operation, yes, that co-operation is the way to achieve economic and social strength. We have called this way of life the Saskatchewan option. It is the foundation of our existence as a province. It is worth preserving, Mr. Speaker, it is worth enriching. As a result, this government is committed to preserving and building its strong agricultural sector; one where our young people will see opportunities in a life on the land, and one where we, as a province, will continue to be internationally competitive.

Tied with this commitment to agriculture is our promise to preserve our rural heritage. A large portion of Saskatchewan's population lives in small towns and villages which serve our farmers. The Prairie Rail Action Committee (PRAC) has brought down their report on rail line abandonment which threatens the future of many of our small communities, Mr. Speaker. The government of Saskatchewan has stated its clear

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opposition to the proposals contained in this report.

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

**MR. SMISHEK:** — We have proposed concrete solutions to the rail transportation problems. We have shown initiative by presenting a six point program for the rationalization of our rail transportation system. Mr. Speaker, the resolution of transportation problems is the key to the future of Saskatchewan's agricultural development. We have had long and difficult discussions with the federal government. But, Mr. Speaker, to my regret, they have been largely unproductive.

One of our main proposals has been the retention of the crow rate and its extension to process agricultural products. With this budget, Mr. Speaker, we are again asking the federal government to consider this proposal. We have provided \$3 million in our '79-'80 expenditures for the establishment of a crow rate guaranteed plan. In return for our contribution, we are asking the federal government to live up to its responsibility . . .

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

**MR. SMISHEK:** — . . . to provide a transportation system which has the capacity to handle all export grain moving out of western Canada.

Mr. Speaker, since 1971 this government has recognized the problems facing our farmers in trying to stabilize their income. We paid \$15 million to hog producers when markets were weak in 1973 and 1974. To beef producers facing low market prices we paid \$49 million in interest-free cash advances, and \$31 million in non-repayable grants between 1974 and 1976. From 1975 to 1977 we paid \$25 million to farmers to offset the impact of rising fuel costs.

The level of insurance coverage under the Saskatchewan Crop Insurance Program has increased nearly 50-fold since 1971. In addition to these special measures, we have initiated a number of programs to provide opportunities to farmers, young and old. We established the land bank to assist young farmers to acquire land and to provide older farmers with an opportunity to retire with dignity at a time of their choosing. We created FarmStart to complement land bank and to help small farmers start or expand livestock operations. We set up farm ownership boards to preserve our farm land for Saskatchewan farmers. We eliminated provincial succession duties and gift taxes which were of concern to farmers who wanted to ensure that their farming operations were continued by their children.

At the same time we have acted, Mr. Speaker, on our commitments to rural communities. We have introduced a number of programs which are designed to strengthen not only the economic base but also the social and cultural character of rural Saskatchewan. These programs, Mr. Speaker, include construction of rural highways connecting smaller centres in the province; a market-road grid system and paving of main streets in almost 400 communities in Saskatchewan; the introduction of revenue sharing to provide rural municipalities with more money for such projects as building main far-access roads and making a start on the super grid; large increases in grants for rural schools; a community college program which now provides courses in over 600 communities; recreation and cultural facilities grants which have helped over 300 communities build curling rinks, swimming pools, community halls; assistance for the establishment of 37 new regional parks; a new municipal road ambulance

program; and a new dental establishment grants program to encourage dentists to practise in rural communities. Mr. Speaker, these are just a few of the many programs which are improving the quality of life in rural Saskatchewan.

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

**MR. SMISHEK:** — Now, Mr. Speaker, these programs will continue in 1979 but we do not intend to stop there. This budget contains a number of new initiatives for farmers and for the residents of our rural communities.

Beginning on April 1, 1979, we will broaden the eligibility criteria for the FarmStart program. Farmers with net income of up to \$18,000 and net worth of up to \$113,000 will be eligible for FarmStart loans of up to \$90,000. We will provide Saskatchewan Land Bank Commission with another \$20 million to make land available to more young farmers.

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

**MR. SMISHEK:** — Mr. Speaker, we will extend the Farm Cost Reduction Program throughout 1979 at a cost of \$16 million.

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

**MR. SMISHEK:** — We will set up the Saskatchewan Agricultural Research Fund in 1979. More than \$3 million will be provided for research devoted to improving the productivity of Saskatchewan agriculture in the years to come.

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

**MR. SMISHEK:** — In order to reduce the income taxes paid by farmers and small business people on the capital gains that can arise particularly at the time of retirement, we will introduce a rebate program beginning with 1979 taxation year. Mr. Speaker, I will return to this tax rebate program a little later.

To revenue sharing, phase two, we will make an additional \$6 million available to rural municipalities to hold their mill rates down this year.

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

**MR. SMISHEK:** — Mr. Speaker, this is the kind of action we are taking to maintain the momentum for continued growth in rural Saskatchewan that demonstrates their commitment to preserve, Mr. Speaker, the Saskatchewan option.

Mr. Speaker, since '71, we have responded to the growing financial needs of municipalities, of school boards and of our local authorities. Through revenue sharing, municipalities receive financial assistance which will grow as the provincial economy grows. In 1978, revenue sharing alone provided 345 per cent more funding than municipalities received in '71. In addition, funding for municipal capital projects has been provided through the Community Capital Fund and through the recreational and cultural facilities Capital Grant Program.

Mr. Speaker, when this government came to office almost eight years ago, schools and universities funding was well below the national average. Since that time, we have

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increased school and university grants for students by nearly 200 per cent, allowing our schools and universities to enrich their programs.

Mr. Speaker, this budget reaffirms our commitment to high quality education in Saskatchewan — 1979-80 school and university grants will increase by 7.6 per cent. These increases will be among the highest in Canada and will provide 10 per cent more per school student and 11 per cent more per university student. Generous funding will also be provided for capital construction. In 1979-80, over \$7 million will be provided for school construction and renovation. There's also \$11 million for university projects including funding from the Saskatchewan Heritage Fund for the expansion of the Western College of Veterinary Medicine and the College of Engineering building located at the University of Saskatchewan. In our technical institutes, enrolments are growing and demand for graduates remains high. In 1979-80, work will begin in the expansion of the Saskatchewan Technical Institute in Moose Jaw.

Mr. Speaker, this government has shared with local governments, the revenues produced by our growing economy. Our initiatives included in '72 full implementation of the foundation grant formula for school boards; in '74, the urban package consisting of equalization grants, unconditional operating grants and the community capital fund; in '77, recreation and cultural facilities capital grant program and in '78, phase one of revenue sharing. In addition, throughout this period, we have continued to increase the property improvement grant as a direct payment to offset local taxes. The impact of these initiatives has been impressive. Because of our capital grants, municipalities have been able to undertake major capital projects without imposing a heavy debt burden on local residents. In fact, Mr. Speaker, despite strong inflationary pressures, municipal debt has declined by 16 per cent since this government has taken office.

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

**MR. SMISHEK:** — But this is not all, Mr. Speaker. Our funding initiatives have also enabled local governments to provide more and better services with relatively small increases in the property tax. Between '71 and '77, municipalities saw their operating expenditures increase by 112 per cent, yet municipal mill rates over the same period increased by only 67 per cent. School operating costs between '71 and '77 rose by 105 per cent and yet, school mill rates grew by only 24 per cent, well below the increase in the consumer price index for the same period. Mark that, Mr. Speaker. Municipal and school operating costs more than doubled during this period, yet the rise in mill rates was substantially lower. The reason for this contract is clear. From '71 to '77, our grants to municipalities rose by 341 per cent and our foundation grants to school boards increased by 144 per cent. There is no question that without vastly increasing provincial assistance mill rates would have been much higher.

Mr. Speaker, through our direct assistance to municipalities and school boards we have helped hold the line on property tax rates in Saskatchewan. But we have also, at the same time, Mr. Speaker, shielded ratepayers from the impact of the property tax increases through the property improvement grant. Since we were first elected, the property improvement grant for home-owners has increased by 229 per cent.

Together, Mr. Speaker, our revenue sharing, capital projects assistance, higher school grants and increased property rebates will pay out \$46 million more to ratepayers this year. Take note, \$46 million more just this year. This is equivalent to an average of 19 mills of reduced taxes for every ratepayer in the province of Saskatchewan.

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

**MR. SMISHEK:** — Mr. Speaker, I have already announced two new programs — the extension of the property improvement grant to renters and a new school tax rebate for senior citizens. These programs will provide quick and effective tax relief. But there is more, Mr. Speaker.

We are providing another major increase in the size of the revenue sharing pools. We have combined addition of \$16 million; the urban pool will increase to \$45 million and the rural pool will increase to \$32 million in 1979-80.

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

**MR. SMISHEK:** — Mr. Speaker, the programs which revenue sharing replaced provided a total of \$42 million. Next year revenue sharing will provide \$77 million.

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

**MR. SMISHEK:** — Mr. Speaker, within two years revenue sharing has brought about an increase of \$35 million or over 83 per cent to our local governments.

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

**MR. SMISHEK:** — Mr. Speaker, we are proud of our revenue sharing program and the benefits it has produced.

Let me now turn to capital funding. Over the last five years we have provided almost \$50 million of assistance under the Community Capital Fund. This fund was an enormous success. It helped construct a great many new facilities across Saskatchewan. These range, for example, from a new town hall in Asquith to a library in Lafleche to sidewalks in Zenon Park and the list goes on and on. Some of the money is still unspent and will be available in 1979. Further capital will be provided by a number of conditional grant programs, such as the Transportation and Water Supply Assistance. In total, Mr. Speaker, the province will be providing \$25.4 million, or \$27 per capita in capital assistance to Saskatchewan municipalities in 1979.

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

**MR. SMISHEK:** — The members will be interested that this is the second highest annual amount in the province's history.

Mr. Speaker, this government is pledged to introduce a new \$100 per capita grant assistance program. We will seek the advice of municipalities during 1979 on how our new program should be structured to best meet municipal needs. Also, we will seek definite answers from the federal government about the future of the Community Services program.

It is important, Mr. Speaker, that the federal and provincial programs compliment each other. The uncertainty surrounding the federal program has plagued both the municipalities and the province and has complicated the planning of our program.

Mr. Speaker, our cities are growing in vital places. While we have always emphasized programs to strengthen rural life, we recognize that the province has a role to play in

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promoting the health of our urban centres. I have already indicated what we are doing by providing financial assistance through revenue sharing, but there is another dimension to our assistance.

Over the years we have taken steps to beautify our cities, to provide recreational and cultural opportunities and to breathe new life into downtown areas. The business improvement district grants and the Main Street program provided support to merchants and local councils so that they can act together in renewing downtown areas. Due to their past success, Mr. Speaker, we are expanding these programs by one-third in 1979-80.

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

**MR. SMISHEK:** — In addition, the government has co-operated with urban municipalities to ensure that provincial office buildings and developments by Crown corporations play a significant role in rejuvenating the downtown cores of centres such as Saskatoon, Prince Albert and Weyburn. The Cornwall Centre project in Regina jointly sponsored by Saskatchewan Telecommunications, the Saskatchewan Government Insurance Office and the private sector, is currently under construction and will provide a major facelift for a large part of the downtown area. These, Mr. Speaker, serve as typical examples of the redevelopment of which our government is committed. Further measures will be taken in the area of urban transportation. We will provide \$11.2 million next year for urban roadway and public transit systems, an increase of over \$1 million.

Many of the programs of the Saskatchewan Housing Corporation will help provide additional housing opportunities for senior citizens and others who require ready access to downtown services.

The recreational and cultural facilities will also continue to receive strong support. This year we provided \$1.9 million for the extension of Taylor Field in Regina. Across the province we provided \$6 million under the recreational and cultural facilities capital grant program. Next year we will increase the funding under this program to \$8.5 million, Mr. Speaker.

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

**MR. SMISHEK:** — The impact of this program is already clearly visible in the large number of new recreational facilities across Saskatchewan, many of which serve both rural and urban residents. In addition, grants to each of the Saskatchewan Centres of the Arts, the Saskatoon Centennial Auditorium and the Regina Centre will be increased next year to \$162,000. The Western Development Museum will receive \$493,000.

Now, Mr. Speaker, members of this House — particularly the older members — are familiar with the beautiful Wascana Centre. I am particularly pleased to announce that in 1979-80 the same concept will be brought to Saskatoon.

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

**MR. SMISHEK:** — A river edge park authority is to be established with representation from the province, the city of Saskatoon, the University of Saskatchewan and the Rural Municipality of Corman Park. The new authority will be known as the Meewasin Valley



Authority, appropriately named, Mr. Speaker, because Meewasin is a Cree word meaning 'happy meeting place.' Indeed, I am sure, that his worship the Mayor from Saskatoon will agree with me that Saskatoon is that kind of place.

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

**MR. SMISHEK:** — As with Wascana Park, the province will share in the funding of Meewasin Park and money is provided in the budget for this purpose.

Mr. Speaker, as well the province will provide \$100,000 to Moose Jaw next year for development of work related to a future river-edge park in that city.

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

**MR. SMISHEK:** — We are proud to be part of these developments for they hold great promise as bold and imaginative ways to protect and enhance the unique heritage for this and future generations in our cities.

Mr. Speaker, we are confident in the overall strength of the Saskatchewan economy, employment opportunities in this province continue to grow in number. Resource development and numerous construction projects such as the IPSCO expansion, several downtown re-developments, hospital regeneration, the expansion of the various education facilities, will provide many new jobs. In addition, the diversification of our economy has opened up new employment opportunities in our service industries. Over the past few years, job creation in the private sector has been very strong. However, the labor force continues to expand. A large number of young men and women are entering the labor force. This government recognizes its responsibilities to stabilize the employment scene in this province. Unlike some other governments in Canada, we are acutely aware of the importance of investment spending by the public sector in generating and maintaining jobs. Last year we anticipated that the labor force would be growing at a very rapid rate. Therefore, we planned for a significant increase in capital spending by Crown corporations and government departments to help take up the slack in meeting the demand for new jobs. With Saskatchewan's unemployment rate among the lowest in Canada, the wisdom of that strategy is clear.

In 1979 the increase in the labor force will not be as great as it was in 1978. However, the government will do its part, once again, to help ensure that unemployment remains low. Capital spending by Crown corporations and government departments will again provide a major source of employment for our growing labor force. We are planning an increase in capital expenditures, enough to provide an additional 1,900 person years of employment in 1979.

It is also important, Mr. Speaker, we believe, to create part-time and summer jobs for students and young people. In 1978, over 2,200 students held summer jobs in Crown corporations and government departments. An additional 2,100 were placed through youth employment service programs and a further 330 found jobs through the students Working in Government program. In total, Mr. Speaker, over 4,600 students and young people were employed in 1978 through these programs. We expect to match this figure in 1979.

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

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**MR. SMISHEK:** — Mr. Speaker, this government came into office in 1971 determined to develop the North in a manner that was sensitive to the needs and aspirations of Northerners.

The first challenge was to ensure that northern communities enjoyed access to facilities which were taken for granted in the rest of the province. In 1972 we created the Department of Northern Saskatchewan. Since then, capital expenditures, program services, and greatly increased support of local decision-making in the North have done much to improve the quality of life for those residents. The results of our efforts are there for all to see: improved health, fewer hospital admissions, lower infant mortality rates, higher quality of education, higher school enrolment and a lower drop-out rate, twice as many northern householders with electricity and a safe water supply throughout all households.

In summary, Mr. Speaker, we built the roads, built the airports, built the schools, and provided the services which will open the way for shared economic development in the north.

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

**MR. SMISHEK:** — Through our efforts, Mr. Speaker, northern communities are now prepared for the opportunities of the '80s. It is clear now, Mr. Speaker, that those opportunities will come from mineral development, in particular from the development of this province's vast uranium deposits. Accordingly, the second challenge facing this government is to make sure that development takes place in an orderly, socially responsible manner, and that northerners share fully in the benefits. Mr. Speaker, our government is taking decisive steps in this area. We have put resource policies in place to ensure maximum benefits from mineral development for all citizens of Saskatchewan. We have established the Saskatchewan Heritage Fund to guarantee the prudent management of these returns from mineral development. Provincial development expenditures, out of the fund, are already at work, providing important capital facilities in the north. At the same time, to ensure that health, safety and environmental factors relating to uranium development in the north were fully investigated before any development began, we set up the Cluff Lake Board of Inquiry. In the nine months since Mr. Justice Bayda brought down his report, we have taken several important steps to act on his recommendations.

The major initiative has been the signing of a surface lease with Amok Limited, which establishes the most comprehensive environmental and health protection standards ever set in Canada for a uranium mine. The lease, which will serve as a model for all future lease agreements, also guarantees that northerners will share in the new jobs and business opportunities. With the signing of the Amok lease, we have taken a major step towards protecting the health, the environment, and the interest of the northerners, and indeed, of all Saskatchewan people.

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

**MR. SMISHEK:** — The steps taken to date only partially fulfil the obligations identified by the Bayda report. Through consultations with others who are, or will be, affected by northern development, we shall move to frame the system which embodies the best of the Bayda recommendations.

Over the years, Mr. Speaker, one of our main concerns has been the maintenance of

law and order and the smooth administration of justice. We will introduce new measures in 1979-80 for law enforcement. We will increase funding for RCMP services by 9.6 per cent: undertake special training programs for municipal police officers; expand the Indian special-constable program. In the administration of justice we will provide more resources to further strengthen the operation of all levels of courts in the province, and renovate and expand court houses in Battleford, Regina, Saskatoon and Prince Albert. In corrections, Mr. Speaker, we will provide \$7 million for new facilities in Saskatoon, Prince Albert, Creighton and Buffalo Narrows. We will extend the use of the low cost facilities where inmates work to help cover the cost of their confinement, and we will develop an alcohol treatment centre at St. Louis for low-risk offenders with alcohol problems.

Mr. Speaker, this government believes that all individuals, regardless of income, are entitled to good legal representation. To this end we introduced in 1974 the most progressive legal aid system in Canada. Our aim was to establish a system of decentralized, locally controlled clinics. During the past year, His Honor Judge R.H. McLelland of the District Court of Saskatchewan reviewed our legal aid system. We have received his recommendations and have endorsed the principal elements of his report. Mr. Speaker, we reaffirm our support for a legal aid system which is based on locally controlled clinics. We are backing this support by a 14 per cent increase in funding for legal aid in 1979-80.

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

**MR. SMISHEK:** — Mr. Speaker, health care in Saskatchewan has a solid reputation throughout North America and elsewhere. This was clearly demonstrated when Senator Edward Kennedy asked two Saskatchewan families to travel to Washington, D.C. to describe the benefits of medicare to a subcommittee of the United States Senate in October last year.

Mr. Speaker, there were other events last October closer to home which confirmed this government's support of our health care system. Today, with a renewed mandate from the people of Saskatchewan, we pledge to maintain and extend our health care programs.

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

**MR. SMISHEK:** — In 1979 the major capital construction and renovation programs at our base hospitals in Regina and Saskatoon will move forward. We have allocated nearly \$14 million for the regeneration program of the Pasqua and General Hospitals in Regina. Over a 10-year period we expect to spend \$ 94 million to complete the renewal of these two facilities which serve as referral centres for patients from throughout southern Saskatchewan.

This year we see completion of the \$42 million addition to the University Hospital in Saskatoon. This project will be followed by a major renovation of the existing building costing a further \$30 million over the next six years and we make that commitment. Together, these capital projects ensure that residents of Saskatchewan have access to the most complete and up-to-date hospital service available.

Mr. Speaker, medical research and technology are continually developing new tools for diagnosis and treatment. In 1979, \$1.2 million will be provided to the soon-to-be established Saskatchewan Cancer Foundation for the purchase of a high energy linear

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accelerator to permit cancer patients to receive the most advanced form of radiotherapy.

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

**MR. SMISHEK:** — Also \$900,000 will be provided for the purpose of a CAT (Computerized Axial Tomography) Scanner for the Plains Health Centre in Regina. This highly sophisticated machine permits complex diagnosis to be made with more accuracy and less risk to the patient. The Regina unit will complement a similar machine already in operation at the University Hospital in Saskatoon.

I am also pleased to announce, Mr. Speaker, that \$750,000 is being provided in this budget to establish a Saskatchewan health research fund. This allotment which will be supplemented in future years, will be used to support the work of Saskatchewan health researchers and should attract additional prominent researchers to this province. Mr. Speaker, I consider the Saskatchewan health research fund to be a significant investment which will provide many future dividends for Saskatchewan people and will, perhaps, help other Canadians as well.

We will continue to place emphasis on health services in rural Saskatchewan. Construction will begin this year on a new hospital in Carrot River and La Loche. The hospital in North Battleford will be enlarged. Major renovations will be undertaken at Meadow Lake and Wolseley. We do not discriminate. Projects in several other small hospitals are currently under serious consideration.

This year, we will launch a medical establishment grant to encourage and assist Saskatchewan-trained physicians to locate their practices in smaller communities. A similar program already in operation for dentists will be expanded. Mr. Speaker, in 1979, the Saskatchewan Dental Plan will serve 125,000 children between the ages of 4 and 13 throughout the province. This program is bringing dental care to children in their home communities. Many of them have never received dental services before enrolling in the dental plan. Mr. Speaker, we will continue to expand our dental program until all school children and young people between the ages of 3 and 18 are provided with the dental care they require.

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

**MR. SMISHEK:** — Mr. Speaker, I have referred to the continuing initiatives of this government in health, justice, education and other areas. We will assist the process of social development in Saskatchewan wherever possible. In traffic safety, we will launch a campaign to encourage greater use of vehicle restraint devices for small children. School bus inspection will be expanded. The senior citizens' driver examination program will be extended. In consumer affairs, we will implement a debt counselling program to advise Saskatchewan residents of alternative solutions to financial problems.

Women's programs . . . In January of this year, the career development office and the women's division were amalgamated within the Department of Labour to strengthen and co-ordinate programs, to improve career opportunities and conditions of work for Saskatchewan women. A new vocational assistance in the Public Service Commission will provide career counselling services to current and perspective employees in the Saskatchewan public service with special attention to vocational counselling for women.

In sports and recreation, Saskatoon will host the Western Canada Summer Games next August. The province is providing almost \$2 million for the construction of a field house complex for these games. In 1980, Saskatchewan will celebrate its 75th birthday. Diamond Jubilee year will see a northern summer games and cultural festival jubilee festival of the arts, the publication of a major history of Saskatchewan, among many events to be sponsored and co-ordinated by the Diamond Jubilee corporation. A \$1 million grant program will be made available to communities to help them commemorate our past, celebrate our present and look forward to the future in Saskatchewan.

In cultural development, we will increase our efforts to preserve and enrich the unique historical and cultural heritage of Saskatchewan. We have embarked on major restoration projects such as Saskatchewan House, the North West Territory Administration Building and the Legislative Building. In response to requests for our minority language groups, we will expand the language section of the department of education, and the multilingual translation services of the Department of Culture and Youth.

**MR. SMISHEK:** — Mr. Speaker, every government should be committed to the effective management of the public purse. Unfortunately, many governments have viewed this management responsibility in a very narrow sense. To some, management of the public purse means to reduce spending regardless of the consequences. Some provinces slash away with reckless abandon, indiscriminately cutting funds from schools and hospital boards and universities, all in the name of restraint. How short-sighted, Mr. Speaker. What that kind of restraint means is slower economic growth, higher unemployment, more pressure on property taxes, and a reduction in the quality of services.

Meanwhile, in Ottawa we have a federal government which in response to growing criticism over its expanding debt load, has announced its own series of panic spending cuts. These arbitrary restrictions have been felt right across Canada by the general public, by numerous organizations, and by various levels of government. As a result of these measures, our revenues will be reduced by approximately \$20 million next year, and our expenditures will be increased by about \$5 million. Mr. Speaker, this is not effective management of the public purse. How much better it is to contain spending within revenue limits over an appropriate period of time. How much wiser to use surpluses of the past to pay for programs when revenue growth is slow. How much better, Mr. Speaker, to shoulder our responsibilities to local authorities and to the people of this province while controlling the deficit at reasonable levels; reasonable levels which can be recovered as revenues grow.

As I have already mentioned, Saskatchewan is on the threshold of a major economic expansion. Despite a faltering national economy the outlook for Saskatchewan is bright. It is imperative that this budget pave the way for that expansion — that we not cut back arbitrarily simply to balance the budget in a given year. Mr. Speaker, the effect of this — of our gradual and controlled approach is clear. For the fourth year in a row, the total size of Saskatchewan civil service will not be increased. Given the new program, and they should have already announced it today, this means a significant increase in overall government efficiency. And for the fifth year in a row, Mr. Speaker, the rate of increase in our spending has declined. That, Mr. Speaker, is responsible management of the public purse.

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

**MR. SMISHEK:** — Mr. Speaker, in last year's budget, we projected a net cash decrease of approximately \$44 million for the consolidated fund. Revenues were estimated at \$1,651 million and the expenditure target was \$1,695 million.

However, since then several significant and unforeseen developments have occurred, both nationally and provincially, which have affected both our revenues and our expenditures.

After the introduction of our budget, the federal government proposed a program to stimulate the Canadian economy through a temporary reduction in provincial retail sales tax rates. The provinces were asked to co-operate in the program, and Saskatchewan was asked to bear a portion of the cost. We estimate that the two-point sales tax reduction saved the people of Saskatchewan approximately \$60 million in 1978. The cost to our Treasury this year will be \$24 million. Overall, we expect revenues to be about \$27 million less than estimated at budget time. Had there been no sales tax reductions, revenues would have been very close to our original estimate.

Meanwhile, there were also a number of significant adjustments, amounting to \$25 million on the expenditure side of the consolidated fund.

However, Mr. Speaker, I am pleased to report to you, and to the members of this House, that through careful financial management, we expect all of these additional expenditures to be absorbed within the original target of \$1,695 million.

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

**MR. SMISHEK:** — Therefore, Mr. Speaker, our net cash balance in the consolidated fund will decrease by a further \$27 million, nearly all of which is due to the temporary reduction in our sales tax rate.

Mr. Speaker, last year we established the Saskatchewan Heritage Fund. Some of the revenues accruing to the heritage fund are used to finance on-going government programs. We are holding a portion of them in trust for present and future generations of Saskatchewan residents.

Mr. Speaker, we now expect revenues in the heritage fund for '78-'79 to total \$500 million, while expenditures will be \$360 million. Our revised surplus for the heritage fund is now up to \$140 million. When the balance in the consolidated fund is combined with the heritage fund surplus, the province will be in an overall surplus position totalling \$69 million for '78-'79.

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

**MR. SMISHEK:** — Mr. Speaker, let me now turn to the specifics of our fiscal position for next year. For '79-'80, we are projecting that the consolidated fund and the Saskatchewan Heritage Fund will achieve a combined surplus of \$68 million. We estimate that the Saskatchewan Heritage Fund will have a surplus of \$117 million for 1979-80 which will be available for investment. At the end of the fiscal year, we estimate that the heritage fund will have assets, Mr. Speaker, of \$722 million.

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

**MR. SMISHEK:** — Meanwhile, for the consolidated fund, we have projected budgetary cash outflows of \$1,856 million and cash inflows of \$1,807 million, for a 1979-80 net cash decrease of \$49 million.

Mr. Speaker, this net cash decrease represents our confidence in the future of Saskatchewan. The future holds considerable promise that we will again accumulate surpluses to offset the small deficits we now face. Indeed, the returns from our natural resources will continue to add strength and stability to our economy. This will, in turn, contribute to stronger and steadier revenue growth. But the revenues we can expect from a number of major resource developments are not yet here. Many projects will come on-stream in 1985 but their impact on our provincial revenues will not materialize until the latter part of the decade. So, we have not been complacent about growing expenditures. We have closely examined our spending priorities. We have not been arbitrary, but we have selected with care. We have a responsibility to stage our expenditure activities in line with our long-run revenue growth. And to those who are asking the government for more funding, for lower taxes, we must say quite clearly that public resources are limited and all demands cannot be met.

Within the limits, we have, as I said, selected with care. Two-thirds of next year's budget will be spent on transfers to local governments, to individuals and to third parties, yes, two-thirds of the total expenditure. The remainder of the budget will be for government-directed programs, including capital construction and special employment programs.

This is what we mean by prudent management, Mr. Speaker. For programs directed by the government itself, we have limited funding for 1979-80 to an increase of only 4 per cent, much less than the rate of inflation. But, for local governments, payments to individuals and third parties, we have provided an increase of 12.5 per cent, more than three times the increase for government-directed programs.

Mr. Speaker, we could have balanced the budget in 1979-80, but this would have meant less money for our municipalities, less money for our school boards, less money for our hospital boards. We could have, also, balanced the budget by providing less money for our senior citizens and permitting their property taxes to go up. We could have done this by not providing for any reductions in taxes.

Mr. Speaker, in line with the principle of long-term fiscal planning, we did not balance the consolidated budget for 1979-80. We did, however, ensure that our expenditures remain under control. For the fifth year in a row we have reduced the rate of increase in our spending. Expenditures from the consolidated fund are estimated to grow by 9.5 per cent in 1979-80. It should be noted that this increase includes \$56 million for the continuation of the Farm Cost Reduction Program and the introduction of several new programs, including phase II of revenue sharing, the senior citizens' school tax rebate and the extension of the property improvement grant to renters.

Without these initiatives our expenditure growth for 1979-80 would have only been 6 per cent, but to accomplish this, we would not have been able to provide the added benefits which we are able, in this budget, for farmers, for ratepayers, for senior citizens, for renters and others.

Turning to the Saskatchewan Heritage Fund, the dividend to the consolidated fund is

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budgeted at \$328 million for 1978-80. This is a 12 per cent increase from last year's budget level and represents the use of a portion of our resource revenues for the ongoing programs. In 1979-80, almost \$20 million from the fund will be spent on provincial development expenditures — projects which will provide long-term capital assets for northern development, for the continued expansion of our medical and cultural, recreational and educational facilities and institutions.

In order to encourage a continuation of the high level of mineral resource exploration and development, \$50 million will be spent in the form of grants and rebates, including \$9 million under the Canada-Saskatchewan heavy oil agreement. Together, the consolidated and heritage funds create, Mr. Speaker, a surplus of \$68 million a, positive program of provincial development.

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

**MR. SMISHEK:** — Mr. Speaker, I have already announced a number of significant tax measures that will reduce Saskatchewan taxes now and in the years ahead.

The home-owner's mortgage interest tax credit will become effective for the 1979 taxation year. The \$250 tax credit will be structured so that the benefits taper off as taxable income rises. To ensure that all home-owners, paying at least \$1,000 in first mortgage interest, may benefit from this program at least \$1,000 in first mortgage interest may benefit from this program, \$100 minimum credit will be established.

The rebate program pertaining to the provincial income tax paid on the capital gains arising from the sale of eligible farm, small business, and non-rental residential property will take effect with the 1979 taxation year. More information about each of these new tax-reduction measures will be made available at the time the legislation is introduced in this House.

Turning to our personal income tax cut for 1979, legislation will be introduced to raise the per-child benefit to \$40 per year retroactive to January 1, 1979. One further modification will be made to the tax cut in 1979. To make the overall tax cut more progressive, the 15 per cent reduction factor included in the current legislation will be increased to 20 per cent. The basic tax cut will remain at \$160. I should add that the 10 per cent provincial income surtax will remain in force for 1979, affecting those taxpayers whose taxable income exceeds \$30,950.

I have one further tax announcement to make today. Effective at midnight tonight, the tax on cigarettes will be increased by 3 cents per package of 25 and there will be a 1 cent tax increase on all cigars and on each one-half ounce of tobacco. These tax changes will yield the treasury an additional \$3 million in 1979-80.

Mr. Speaker, let me review our financial plans for 1979. As in the past, Crown corporations will continue to play a significant part in the economic development of Saskatchewan. It is estimated that Crown corporations will spend \$595 million for capital development in 1979. The corporations themselves will generate \$225 million, leaving \$370 million to be financed from other sources.

In addition, short-term borrowings of \$49 million will be used to match expenditures with the slower flow of revenues. Thus, the province will require in total some \$419 million to finance capital requirements in 1979-80. The largest users of these funds will be the Saskatchewan Power Corporation, Saskatchewan Telecommunications and



the Saskatchewan Mining Development Corporation.

Mr. Speaker, these investments by our Crown corporations provide a substantial stimulus to the Saskatchewan economy today, providing jobs in many sectors. But just as important, they will provide valuable assets for Saskatchewan tomorrow — in energy, in potash and in mineral development.

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

**MR. SMISHEK:** — Mr. Speaker, this is our budget for 1979-80. It is a prudent budget but it is also a budget which looks to the great promise which lies ahead. There are new and improved programs. For parents with low and middle incomes — a higher income tax cut and increased benefits under the Family Income Plan. For renters, a grant of up to \$115 under the property improvement grant program. For those seeking work, a job creation program to create 1,900 new jobs. For senior citizens, a rebate of school taxes on their homes and, for those in nursing homes, higher allowances. For home-owners, a mortgage interest income tax credit. For students, more funds for bursaries and more summer employment opportunities. For farmers, a \$16 million reduction in fuel costs through the Farm Cost Reduction Program. For farmers and small businessmen, a capital gains tax rebate when they sell their farms and businesses. But this is only part of the story, Mr. Speaker.

Revenue sharing grants to municipalities will reach \$77 million next year, an increase of 83 per cent within two years. Other measures will improve the quality of life in urban centres, large and small. School boards will receive 10 per cent more per student and universities 11 per cent more in 1979-80. We are moving to improve our criminal justice system by developing new programs and by upgrading and extending facilities.

We are providing more money for health care to build and renovate hospitals, to improve health care services in our small communities and to maintain a modern, high-quality medical and hospital system.

Looking to the future, we are providing new funds for agriculture and health research. Mr. Speaker, this budget does all this, while holding the line on the size of the public service, and limiting the increase in the cost of government-directed programming to 4 per cent.

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

**MR. SMISHEK:** — Mr. Speaker, this is a prudent budget. This is a responsible budget. This is a budget which anticipates the great promise for the province in the decade ahead — the opportunities which are there to be seized for a more prosperous and more fulfilling life for all Saskatchewan people.

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

**MR. SMISHEK:** — This is a budget which will set the stage, Mr. Speaker, for a new decade of progress!

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

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

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**MR. W.C. THATCHER (Thunder Creek):** — Mr. Speaker, I guess that shows how many people get off work at 5:00 o'clock anyway, doesn't it? Mr. Speaker, you can call us in the Progressive Conservative Party a lot of things, but cynical we are not. I can assure you that we do not intend to keep the people here that have been here far too long already. But we do have a comment or two. We have people out there writing names of those that are leaving.

However, Mr. Speaker, every budget should have a name and I'm torn as to what name that this one should be given. I didn't know whether to term it the budget of the wilted flower since I notice the one that the minister has been wearing came in all nice and fresh about 2:00 o'clock and it isn't looking all that fresh now, or more realistically, what I think is a most appropriate term, robbing Peter to pay Paul. Mr. Speaker, in this budget there's nothing but deficits and more borrowings. Deficits and more borrowings! Mr. Speaker, \$419 million of new borrowing will bring our provincial debt to well over \$2.6 billion. When they took over in 1971, they had a provincial debt of less than \$500 million and in their period, under their stewardship, it climbed to \$2.6 billion.

Well, more important, Mr. Speaker, I think is the performance of the present minister since he assumed this portfolio. Allow me to congratulate him on making it four for four. He's the only Minister of Finance or Provincial Treasurer in the history of this province that hasn't been able to balance the consolidated fund once. In fact, about the only thing that we have got to look forward to, I'm sure, Mr. Speaker, is that as in past years, when he says \$49 million today, I have every confidence that in approximately 12 months he will give us the sad news that it was probably \$100 million. Double, every time, double — 44 last year, now 71 — so just remember those words.

**AN HON. MEMBER:** — 71? I thought it was 88.

**MR. THATCHER:** — Mr. Speaker, I think this budget has been regrettable — I think these past couple of days have been regrettable. Mr. Speaker, we called a little bit earlier on the Minister of Finance to resign because of the events of the last 24 hours. On Monday, we are probably going to have to ask him again to resign on the basis of the budget — which he finally let us see after everybody in Saskatchewan knew all about it. Mr. Speaker, I beg leave to adjourn the debate.

Debate adjourned.

**MR. SMISHEK:** — Mr. Speaker, I move, seconded by the Attorney General (Mr. Romanow):

debate on the motion, that this Assembly do now resolve itself into Committee of Finance, be resumed on Monday, March 12, 1979.

Motion agreed to.

The Assembly adjourned at 5:12