

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

**Wednesday, November 24, 1982.**

**EVENING SESSION**

**TABLING OF ESTIMATES AND SUPPLEMENTARY ESTIMATES**

**HON. MR. ANDREW:** — Mr. Speaker, I have a message from His Honor the Lieutenant-Governor.

**MR. SPEAKER:** — The message from His Honor the Lieutenant-Governor reads:

The Lieutenant-Governor transmits estimates of certain sums required for the service of the province for the 12 months ending March 31, 1983, and supplementary estimates of certain sums required for the service of the province for the 12 months ending March 31, 1982 and March 31, 1983, and now recommends the same to the Legislative Assembly.

**HON. MR. ANDREW:** — Mr. Deputy Speaker, I move, seconded by Hon. Mr. Berntson, the Minister of Agriculture:

That His Honor's message, the estimates and supplementary estimates be referred to the committee of finance.

Motion agreed to.

**GOVERNOR ORDERS**

**MOTION FOR COMMITTEE OF FINANCE (BUDGET DEBATE)**

**HON. MR. ANDREW:** — Mr. Speaker, the people of Saskatchewan demanded a change of course on April 26. They voted for a new Premier, an new government and a new direction.

**SOME HON. MEMBERS:** — Hear, hear!

**HON. MR. ANDREW:** — They made it clear, like never before, that they were tired of a government that was still clinging to the belief that prosperity could only be achieved through the endless expansion of government ownership. People wanted to see the chances for the individual effort initiative widened, not narrowed. April 26, Mr. Speaker, was above all else a declaration in the confidence and the optimism in the future of our province.

**SOME HON. MEMBERS:** — Hear, hear!

**HON. MR. ANDREW:** — As this Assembly knows, the spending estimates for the fiscal year were tabled by the former government, but not approved. They decided to call an election before they could be passed, and the people of Saskatchewan rejected those estimates when they rejected the previous government of this province.

**SOME HON. MEMBERS:** — Hear, hear!

**HON. MR. ANDREW:** — The spending plans to be tabled later tonight, Mr. Speaker, have

been revised to reflect the new priorities. They include the new programs that we promised to the people of Saskatchewan. My statement tonight is therefore a midcourse correction to the spring budget of the previous government.

**SOME HON. MEMBERS:** – Hear, hear!

**HON. MR. ANDREW:** – Before I outline the changes made, let me comment on the general state of the Canadian and the Saskatchewan economy. The industrialized countries are experiencing a deep and prolonged recession. Canada has had the worst economic performance of any of these nations. Obviously, the causes of some of our problems lie beyond our borders, but not all of them, Mr. Speaker – not all of them.

The federal government has made mistakes in economic policy, grave and damaging mistakes. The federal budgetary deficit for this year will approach a whopping \$24 billion. Energy policies have devastated one of our strongest industrial sectors. Foreign investment policies have been ill conceived and inconsistently implemented. Erratic tax changes have discouraged confidence and driven off investors, and the results, Mr. Speaker, have been disastrous: double-digit inflation, paralysing interest rates, 1.5 million people unemployed, a weak dollars, withering productivity. Not for half a century has the level of confidence in the economy shown by Canadians at home and observers abroad been so low.

We in Saskatchewan have not been immune to the effects of national and international recession. Saskatchewan is recession resistant, but it is not recession proof. Prices for our agricultural products have deteriorated. Fortunately, our farmers have produced another record crop this year, and this will cushion some, the effects of international price declines. Our mining industry, particularly potash, has continued to experience serious declines in both price and demand. Revenue and jobs have suffered as a result. The national energy program, along with the Saskatchewan-Ottawa energy agreement has almost knocked our oil industry out cold. In July, some common sense royalty adjustments were made by our government. These changes, Mr. Speaker, along with a little bit of good will – yes, Mr. Speaker, a word sometimes not heard, but a little bit of good will – has started to turn the oil industry around. We expect federal action to further encourage recovery in that industry which is so vital to the Saskatchewan economy and so vital to the Canadian economy.

In the past, we have had our differences with the national government. But in these difficult times, people are not prepared to tolerate time wasted or stand-offs between two levels of government. Bickering further damages the confidence in the national will to act. We are ready to co-operate, Mr. Speaker, if the federal government's commitment to co-operation is genuine.

**SOME HON. MEMBERS:** – Hear, hear!

**HON. MR. ANDREW:** – Both levels of government have a responsibility to start producing results. Despite these problems, our economy has performed and is performing, better than any other province in the nation. Our unemployment rate is half the national average. Saskatchewan's annual cost of living increase over the past several months has been consistently the lowest in Canada and would have been far lower, Mr. Speaker, had our mortgage assistance program been considered in those calculations.

We, in this government, are not apostles of pessimism, I am optimistic, I am optimistic tonight that the

Saskatchewan economy will soon rebound. Mr. Speaker, we have been the last into the recession; we intend to be the first ones out.

**SOME HON. MEMBERS:** – Hear, hear!

**HON. MR. ANDREW:** – It is within this framework, and with these challenges in mind, that we have reworked the 1982-83 budget. As we set about that process one fact quickly became obvious. The figures in that spring budget were in touch with reality to the same degree that that former government was in touch with the people.

**SOME HON. MEMBERS:** – Hear, hear!

**HON. MR. ANDREW:** – Potash revenue estimates were out by over \$126 million – 200 per cent, Mr. Speaker. Oil estimates were out almost \$100 million. At the same time expenditure costs were underestimated another \$100 million. And we discover, Mr. Speaker, an overpayment to Saskatchewan from the federal government under the equalization formula, this overpayment another \$100 million. We have to pay it back, Mr. Speaker, over a period of five years now as we have arranged with the federal government. But this year, Mr. Speaker, it will cost the people of Saskatchewan \$29 million to pay the share back for this year.

And the heritage fund – the heritage fund, Mr. Speaker, our hedge against tough times – was empty, all gone, all gone, Mr. Speaker. It had been used to feed the ravenous appetites of our family of Crown corporations.

**SOME HON. MEMBERS:** – Hear, hear!

**HON. MR. ANDREW:** – Now had nothing been done but simply implement the previous budget, I would be announcing tonight a deficit approaching \$200 million, with no money, Mr. Speaker, available to cut the tax on gasoline and no money available for mortgage relief for our home-owners or our farmers, and no money available for job creation.

We have been told again and again in this Assembly that challenging policies already in place is government by inaction and government by review. We have been urged from the members opposite to stay the course. Well, Mr. Speaker, on April 26 the people of Saskatchewan did not vote to stay the course. The people of Saskatchewan voted for change.

**SOME HON. MEMBERS:** – Hear, hear!

**HON. MR. ANDREW:** – The people, Mr. Speaker, demanded relief from the high mortgage costs. In July we introduced the mortgage interest reduction program at a cost of \$35 million for 1982-83. This program, Mr. Speaker, has done two things: it has provided home-owners with protection and a sense of security. The mortgage holders will not be suddenly find in six months or in a year's time that all of a sudden their house payment has doubled, or increased by something like that. On a second thing, Mr. Speaker, the mortgage interest reduction program has also started to pull Saskatchewan housing's industry out of the record slump it was in the for the first six months of the year.

Housing starts in all categories are recovering. Nationally they're still going down. The backed-up inventories of existing houses for sale is being cleared away. In other

words, Mr. Speaker, the program is working. Not surprisingly several jurisdictions across this country are now copying that very program.

The people demanded that their government deal with the high cost of living. They demanded tax relief. We acted by eliminating the sales tax on gasoline.

**SOME HON. MEMBERS:** – Hear, hear!

**HON. MR. ANDREW:** – That tax cut was the largest single tax cut in Saskatchewan's history – a total of \$122 million. For the average driver, Mr. Speaker, for the average driver that is in excess of \$200 a year in their gas bill – money into their pockets. This action has been chiefly responsible for an approximately 2.5 point drop in the consumer price index in the province of Saskatchewan. Mr. Speaker, I can tell you that tonight we are proud on this side of this House. Mr. Speaker, I can tell you that tonight we are proud on this side of this House. We are proud to say that that cut has given us both the lowest price of gasoline and lowest consumer price index in the entire country.

**SOME HON. MEMBERS:** – Hear, hear!

**HON. MR. ANDREW:** – We have also put into effect, Mr. Speaker, a freeze on the rates of various utilities and we've established a public utilities review commission. Never again, Mr. Speaker, never again will a government be allowed to raise taxes by rate increases through various utilities.

**SOME HON. MEMBERS:** – Hear, hear!

**HON. MR. ANDREW:** – These actions have provided our citizens, Mr. Speaker, with protection. These actions have put dollars back in their pockets. These actions will help restore confidence in our economy. In total, Mr. Speaker, \$157 million will be recirculated back into the Saskatchewan economy.

**SOME HON. MEMBERS:** – Hear, hear!

**HON. MR. ANDREW:** – Since we had inherited an already significant deficit from the previous administration, program expenditures listed in the spring budget had to be subject to some close scrutiny. Had we proceeded to implement the March budget without holding it up to the light, Mr. Speaker, I would not be able to announce this evening, cut in expenditures from that budget, not \$157 million, Mr. Speaker, but \$170 million that we took out of that budget.

**SOME HON. MEMBERS:** – Hear, hear!

**HON. MR. ANDREW:** – These expenditure reductions have been made without affecting essential government service. At the same time, these reductions made it possible to establish new initiatives that are timely and are necessary for the people of Saskatchewan.

Now during the review of estimates, we will provide in the committee of finance details of all these changes. But let me tell you here tonight, Mr. Speaker, where we haven't made those changes. We haven't made those changes at the expense of fundamental social programs. No cuts have been made or will be made in social programs. In Saskatchewan, we help each other when times are tough.

**SOME HON. MEMBERS:** – Hear, hear!

**HON. MR. ANDREW:** – This government is committed to protecting those whose income and security is being eroded by inflation and by recession.

We promised to substantially increase the level of investment in the province's health care. This promise we are keeping. In March, \$702 million was allocated to the health budget. Today we are allocating, not \$702 million, but \$728 million, an additional \$26 million to health care.

**SOME HON. MEMBERS:** – Hear, hear!

**HON. MR. ANDREW:** – Over and above this, Mr. Speaker, an initial \$500,000 is being provided for municipal ambulance service. We are reviewing that whole operation to see which is the best way to provide that service.

Our pledge to build a better education system is also being kept, Mr. Speaker. In March, \$584 million was allocated to the education budget. Tonight we are allocating \$593 million — \$9 million more than the March budget. We believe, Mr. Speaker that in the coming years, there must be a substantial increase in the attention given to the educational facilities. The number of training places available for Saskatchewan's young people is already inadequate to handle the number of applicants. The shortfall in technical places will be even more serious, Mr. Speaker, as the level of industrialization in our province increase, as businesses come forward and growth starts to happen.

**SOME HON. MEMBERS:** – Hear, hear!

**HON. MR. ANDREW:** – And finally, Mr. Speaker, these adjustments have not been made on the backs of the poor, the less fortunate, those on fixed incomes, or our senior citizens. Our senior citizens pulled Saskatchewan through hard times in the past and we are committed to giving them a secure future. Nine thousand of Saskatchewan's senior citizens benefit from special-care homes. The March budget proposed an allocation of \$110 million in operating funds to those homes. In these revised estimates, that amount has been increased to \$127 million – an increase of \$17 million.

In addition to that, Mr. Speaker, further funds will be directed into this area under the job creation program.

Social assistance costs, however, Mr. Speaker, have escalated dramatically. This year alone, the social services budget has outstripped the previous estimates by over \$40 million. We are addressing this matter with care to ensure that where we make changes there, those with the needs will be protected.

Mr. Speaker, I would like to turn now to the question of agriculture. The agriculture sector has given the Saskatchewan economy its present resilience. It has given us experience and confidence as competitors on the world market. It is from our heritage as an agricultural province that we draw our strongest sense of family, of community, and of our will to act co-operatively.

**SOME HON. MEMBERS:** – Hear, hear!

**HON. MR. ANDREW:** – While we can be thankful for a succession of record crops, we must remain alert to the threat of the health of our agricultural sector. Input costs are rising. Borrowing rates remain high. The transportation system is inefficient and vulnerable to strikes, and it may soon become very much more expensive for the farmer to use that service.

Economic pressures are accelerating the tendency to larger and larger farm units. This trend, Mr. Speaker, has increased the difficulty facing young farmers who want to establish themselves on a farm that they themselves own.

**SOME HON. MEMBERS:** – Hear, hear!

**HON. MR. ANDREW:** – Total domination of the agricultural sector by giant farms would dry up the rural community life. The present alternative of state-owned, leased farms will not encourage, Mr. Speaker, the independence of spirit and respect for the soil that has characterized our owner-operators of our family farming units. Saskatchewan farmers expect intelligent help from their government, not landlord-tenant relationships. Our grandfathers did not pioneer this province so they could lease their farms from the government.

**SOME HON. MEMBERS:** – Hear, hear!

**HON. MR. ANDREW:** – We promised to make it possible for Saskatchewan farmers to own the land they worked. To keep this promise, the land bank will be replaced, with the exception of exiting leases. It will be replaced by a new Saskatchewan Farm Purchase Program.

**SOME HON. MEMBERS:** – Hear, hear!

**HON. MR. ANDREW:** – This program will assist young farmers with the purchase of farm land by providing loans of up to \$350,000. For the first five years of that loan period, the rate will only be 8 per cent. For the next five years, the rate will be the lower of market rate or 12 per cent. For the balance of this year – four months – these low rates will be available on up to \$150 million of loan capital in the province of Saskatchewan.

**SOME HON. MEMBERS:** – Hear, hear!

**HON. MR. ANDREW:** – That is more money than had been made available for the entire year under previous programs of both federal and provincial governments.

By investing in the agricultural sector through the farm purchase program, we will be helping young farmers, Mr. Speaker, to buy a farm. We will enable family farms to be passed from one generation to the next, and we will ensure the continuity and stability of the farming communities of this province. The farm purchase program will help with the purchase of more family farms in one month than can be credited to the land bank program in 10 years.

**SOME HON. MEMBERS:** – Hear, hear!

**HON. MR. ANDREW:** – Operational details of the farm purchase program will be outlined by my colleague, the Minister of Agriculture, with the introduction of that bill

in this Assembly next week. Other funds have been allocated to the extension of agricultural programs. The beef industry has been assisted with the introduction of a finished-feeder stabilization program. In total, the estimate increases for the Department of Agriculture budget year over year will be 17 per cent, an extra 1 per cent or \$800,000 more than forecast in the March budget of the previous administration.

**SOME HON. MEMBERS:** – Hear, hear!

**HON. MR. ANDREW:** – Mr. Speaker, I believe that unemployment has become the number one economic problem in Canada. 1.5 million people are without jobs, 12 to 13 per cent of the entire work force. In Saskatchewan we're much better off: one-half the national average. But, Mr. Speaker, that's still not good enough.

The federal government has announced a \$500 million job creation program. We have indicated our support for that initiative. We have indicated that we will match dollar for dollars the portion allocated to Saskatchewan. There will be \$11 million in new federal money being spent in our province over the next two years. Our commitment will not be \$11 million. Our commitment will be \$15 million. Our commitment will not be over a period of two years; it'll be over a period of four months. Our commitment will not start January 1, 1983; our commitment starts today.

**SOME HON. MEMBERS:** – Hear, hear!

**HON. MR. ANDREW:** – I would like to summarize the government's fiscal position for 1982-83. Last March the previous government announced a budget with a surplus of \$208 million in the consolidated fund and heritage fund. As I mentioned earlier in my remarks, Mr. Speaker, this was not an accurate description of the actual budgetary position. The revenue/expenditure gap would have resulted in a very sizable deficit. To overcome the revenue/expenditure gap in the March budget, and keep any deficit to a minimum, we have worked to achieve a leaner, more productive public sector.

Government spending for travel, contractual service and promotional advertising has been reduced. A hiring freeze is in effect and we are reviewing the need to fill many of those current vacancies. In 1982-83 we anticipate expenditures of \$2,925 million; revenues, \$2,705 million, resulting in a combined deficit of \$220 million. This is a minimum and manageable deficit. It has been directly translated into assistance for the people of the province of Saskatchewan. I am very pleased, Mr. Speaker, to announce that within spending limits of the same magnitude – spending limits from the March budget – we have been able to extend additional protection to the people of the province of Saskatchewan: mortgage protection, tax relief, increased funding for essential services and funding for a job creation program. We are taking additional measure to ensure the careful use of our tax resources.

The Premier announced in August that the government would adopt a public sector wage guideline. 1 per cent below the annual rate of inflation for the province of Saskatchewan.

As well, the many agencies across Saskatchewan receiving third-party grants from the government should understand that funding decisions will be based on adherence to those wage restraint guidelines. Because, Mr. Speaker, 50 per cent of the government spending is personnel related expenditures, it seems that a sensible way to control government spending is to carefully manage this cost.

In short, Mr. Speaker, we intend to see the finances of the province managed in the same careful value-conscious manner that farmers or businessmen or individuals have to exercise in the arranging of their own affairs. And we will give the assurance, Mr. Speaker, that government spending will be part of the solution. It will not be part of the problem.

**SOME HON. MEMBERS:** – Hear, hear!

**HON. MR. ANDREW:** – As part of the government's review of the province's finances, we are examining the account of the Saskatchewan Heritage Fund. The fall-off in non-renewable resource revenues has severely reduced the flow of cash into this fund. Its usefulness for planning has been limited by the previous government's policy of transferring heritage fund moneys over to the Crown corporations – investments in enterprises already 100 per cent owned by the government. These transfers, Mr. Speaker, have swallowed us piece meal the whole fund, so that nothing is available. There's no money there, Mr. Speaker, when the fund could be available for real help at this time to alleviate hardships that we're facing in the province of Saskatchewan.

The Crown corporations are an important part of the Saskatchewan economy, but they are not the only part, Mr. Speaker, and they have not proved to be the pied pipers of prosperity. We believe that the crowns should operate under similar rules as companies in the private sector. They should use their resources carefully; knowing that any appeal for new funds has to be based on demonstrated potential for future growth and efficiency. The overall place of the Crown corporations is under review by the Crown investments review commission. The Department of Finance is developing proposals on future operation of the heritage fund, and I will be announcing necessary changes in the role and the structure of the heritage fund in the spring budget.

Let me now turn to capital financing requirements of the government and the Crown corporations. In the current fiscal year, we anticipate that the net borrowing requirements for the Crown corporations will be approximately \$1 billion. \$116 million of this will be provided by the Canada Pension Plan and \$868 million from the capital markets, beyond the \$28 million advanced by the previous government. I can give you this assurance as well, Mr. Speaker: from now on there will be no more interest-free money provided by the heritage fund of the province of Saskatchewan.

**SOME HON. MEMBERS:** – Hear, hear!

**HON. MR. ANDREW:** – The budgetary deficit will be financed by short-term borrowing and by reducing cash reserves. The total borrowing requirement for the Crown corporations and the budgetary deficit will be approximately \$1.2 billion, and we expect to be able to obtain that without much difficulty.

On the revenue side, we are committed to establishing a competitive tax environment for business, and to protect the incomes of individuals. This government has made a commitment to tax reductions where practical. We delivered part of this promise with the restructuring of the petroleum royalties and the elimination of gas tax, which has been the single largest tax reduction in the history of the province. The review of taxation levels will continue, and we are committed to further reduction in sales tax and other taxes.

**SOME HON. MEMBERS:** – Hear, hear!

**HON. MR. ANDREW:** – These reductions will be targeted (1) when we can afford them, and (2) where they will generate jobs and create economic activity. A further thing that we will be doing is bringing in legislation to remove the E&H tax for clothing for children under the age of 15 years.

At the same time, Mr. Speaker, we are committed to providing the highest quality of education and health care. That is why I am announcing two revenue measure tonight. In recent years several provinces have moved to increase taxes levied on insurance companies operating within their jurisdictions. I believe a small increase can be justified in Saskatchewan, and therefore I am announcing that effective January 1, 1983, the insurance premium tax of insurance companies will be increased from 2 per cent to 3 per cent in gross premiums collected. This measure will yield \$4 million in revenue for 1983-84. The new higher tax rates will not apply to insurance premiums for sickness, accident or life insurance. In this way the cost can be kept down for protection against personal losses from such tragedies.

At the same time I would like to correct an anomaly in our tax system affecting insurance companies. Most insurance companies are currently liable for Saskatchewan Corporation capital tax. Co-operative insurance companies are not liable for capital tax, providing them with an unfair advantage in the insurance industry.

I would like to announce that effective January 1, 1983 all insurance companies will be treated the same, and will be exempt from Saskatchewan corporation capital tax.

**SOME HON. MEMBERS:** – Hear, hear!

**HON. MR. ANDREW:** – I have one other revenue measure to announce today, Mr. Speaker.

In recognition of my colleague, and the steady increase in the cost of health care, the tax on cigarettes and tobacco will be increased. Effective midnight tonight the tax on cigarettes will be increased from 38 cents to 42 cents per pack; the tax on tobacco from 15 cents to 17 cents per gram; the tax on cigars will go up a penny for those under 40 cents, and two pennies for those over 40 cents. These measures will yield another \$11 million in revenues to the province in 1982-83.

The budgetary course charted before we took office, Mr. Speaker, has been shifted away from its obsessive emphasis on the plans and the priorities of government and Crown corporations. We have put that emphasis on the people, on their plans, their priorities, their needs and their talents.

We want to build; we want to stimulate the economy and growth in our economy. It is our view that support for Saskatchewan's private sector, in which the vast majority of our people work, is the best way to generate economic activity and create jobs. But while we see the private sector as a principal instrument for mobilizing our productivity in creative resources, we will not hesitate to bring into action the potential of the public sector.

We will act as necessary through Crown corporations, joint ventures, or loan guarantees. We will build on any strategy or combinations of strategies that produce results. We are committed to preserving and expanding the services needed by the people of this province – education, health care, security for senior citizens, assistance for our less fortunate. These services require money, Mr. Speaker. That

money has to be earned by economic performance. A generous social security structure must rest on the foundations of a health economy.

**SOME HON. MEMBERS:** – Hear, hear!

**HON. MR. ANDREW:** – Mr. Speaker, a high level of economic performance cannot be achieved by government alone, or by business or farmers alone, or by labor alone. It will be achieved by the co-operative effort flowing from a common heritage, common values and common goals. The challenges we face, Mr. Speaker, we face together. The harvest we reap we will share together.

**SOME HON. MEMBERS:** – Hear, hear!

**HON. MR. ANDREW:** – Mr. Speaker, it's with a great deal of pride and satisfaction for me as a member of the government of Grant Devine, the newest Premier, the most exciting and dynamic Premier in the country today . . .

**SOME HON. MEMBERS:** – Hear, hear!

**HON. MR. ANDREW:** – It is with that sense of pride, belonging to that government, Mr. Speaker, that I move, seconded by the member for Indian Head-Wolseley:

That this Assembly do now resolve itself into the committee of finance.

**SOME HON. MEMBERS:** – Hear, hear!

**HON. MR. BLAKENEY:** – Mr. Speaker, I will want to add a word or two to the debate tonight and a further word or two later on in the proceedings.

We have a budget brought forward by the Minister of finance. The overwhelming fact of that budget is the deficit of \$220 million. That is a greater deficit than has ever been accumulated in any year in the history of Saskatchewan. It is in fact a greater deficit than in all the years that Saskatchewan has been a province. In all the 77 years that it has been a province, if you take all the accumulated deficits, they wouldn't add up to the one which the Minister of Finance is proposing tonight.

Even as it is, Mr. Speaker, I suggest that the figures which the Minister of Finance has put forward tonight are going to bear a little analysis. I suspect, Mr. Speaker, that when we get into these figures, we will find that he has included in revenue some substantial sums of money for oil export tax which was in respect of past years. We will find that out, but I suspect that that is the case. We will see . . . (inaudible interjections) . . . Mr. Speaker, I think that I must remind hon. member that we did not interrupt the Minister of Finance and may I have the same courtesy.

**AN HON. MEMBER:** – You touched a nerve.

**SOME HON. MEMBERS:** – Hear, hear!

**HON. MR. BLAKENEY:** – Mr. Speaker, the background of this budget is the Conservative campaign and its promises. The Progressive Conservative Party made three broad promises to the people of Saskatchewan. They said that they would distribute the wealth that the provincial treasury enjoyed, as they perceived it when the

election campaign was on, and they would do it through tax cuts. They then said that they would bring about a more prosperous economy, and so, therefore, greater revenues, and the potential for greater tax cuts through the application of private enterprise economics. They said, thirdly, that they would do both of these without budget deficits, and without bad financial management. That's what they said they would do, and that's what the people of Saskatchewan now look to them to do.

They are asserting (and we heard it again tonight) that somehow the money that was supposedly in the heritage fund was not there. There is, of course, not a shred of basis for that allegation – not one bit. Every member of this House, when he stood before his constituents and asked to be elected, knew of the condition of the heritage fund, and knew where the funds were invested. They had the audited statement before them. They could read on page 26 the audited figures. For those who had difficulty with the audited figures, there was a pie chart on page 6 which gave the full position of the heritage fund without possibility of peradventure. Everybody knew where the heritage fund was. Everybody knew that the money had been invested in Saskatchewan resources.

Members opposite, and I know that other people who operate heritage funds, believe that the appropriate place to put the money is in the bonds of the province of Nova Scotia, or as the case may be. It is possible to argue that the heritage fund should not have been invested in oil wells, but should have been invested in Government of Nova Scotia bonds. That's a tenable argument. I don't agree with it, but you can make it. What you can't argue is that you didn't know the position of the heritage fund. Every person who was seeking public office in this province knew full well the condition of the heritage fund; knew full well that the money was invested in oil and in potash and in uranium and, so far as I am concerned, was well invested there since it added both to our economy and to the prospect of significant revenues in the years ahead.

**SOME HON. MEMBERS:** – Hear, hear!

**HON. MR. BLAKENEY:** – Mr. Speaker, there was no question about the nature of the financial position of this province. The government, which I had the honor to lead, brought in budgets successively in February or March of each year. They were compiled in a comparable way. Everyone could see what the proposal was. Everyone could compare the budget with the previous budget. Everyone could compare the estimates in the budget with the financial statements which were included in the Public Accounts. And everyone could see, in fact, what was happening to the finances of this province.

Well everyone I think knows that compounding estimates is not an exact science.

**SOME HON. MEMBERS:** – Hear, hear!

**AN HON. MEMBER:** – Drop that one by them again. They don't what that means.

**HON. MR. BLAKENEY:** – I'll say that again. I'll say again that compiling estimates is not an exact science and especially is this so in times like the 1970s when oil and potash and uranium royalties and revenues were rising and falling; when inflation was sharply rising; when interest rates were rising and falling. In fact, it was a difficult time to estimate one's financial possibilities for 12 or 14 months ahead. But notwithstanding that, Mr. Speaker, notwithstanding that, through the whole decade of the '70s our government made its predictions and we lived with them, and taking the two funds together in each and every one of those years, we didn't ever have one deficit – not one – even though it was difficult to predict and even though we had to make adjustments.

The provincial treasurer, the Minister of Finance, is not prepared to make the changes necessary in order to balance his budget. He takes the easy way out and runs to a deficit.

Mr. Speaker, we vacated government when there was a very substantial surplus. I noted that the Minister of Finance says that he inherited a deficit. I wonder: is he going to rewrite the financial statement he issued last July 31 indicating that on March 31 of this year, there was a surplus of \$140 million – a surplus of \$140 million? I wonder, Mr. Speaker, if he is going to ask anyone in this House or anyone in this province to believe that that surplus of \$140 million vanished by May 8, when he took office. Surely that is not totally non-credible. That is non-credible and nobody in this province and nobody in this House, sir, will believe you when you assert that proposition.

Mr. Speaker, the allegations made by the members opposite with respect to our government are essentially the ones that I have indicated: that the heritage fund was not in cash. And of course it was not in cash, and no heritage fund in Canada is in cash, and anyone who decides that he is going to save for 10 years or 15 years hence and keeps his money in cash is a very, very poor steward of those funds. He ought to be investing them in long-term investments; that's the position we took. And I will be interested in seeing whether all hon. members believe that they were bad investments, because that's not what I hear some hon. members opposite asserting in other fora. I think they will continue to assert that some of those investments are pretty good investments, as they have proved to be in the past.

The second criticism – and we heard it again tonight – was that the estimates contained in the March budget were defective and were in error and that they wouldn't have turned out to be the facts by next April. And, of course, they may be right. And perhaps the estimates, which we have here, will not turn out to be accurate. If I were members opposite I would not be quite so smug as to whether or not the estimates which you are putting forward here tonight will prove to be accurate when next March or April comes.

It is remarkable indeed if any provincial treasurer or minister of finance is able to put forward estimates which are accurate in a precise way when the year is out. Of course, the Minister of Finance has a great advantage now because he is making up the budget in November and not in January, so he will have a little better chance this year. But we will await next year and see how good he is at estimating and see whether all his estimates turn out to be the facts.

One thing, I think is certain. If the new government when it took office on May 8 didn't like our estimates, they had every opportunity to bring in their own. They could have brought them in in May and June. They could have done this so-called mid-course correction in May and June instead of waiting until November. At that time they believed the estimates were fairly accurate; otherwise they wouldn't have entered into the massive tax cuts in the full knowledge that they were going to be financed by a deficit. I don't believe that the Hon. Minister of Finance, believing that he was going to have deficit, would launch into a series of major tax cuts in the full belief that they were all, to the very dollar, going to be financed out of your kid's pocket and not yours. I don't believe the Minister of Finance is that irresponsible.

I believe when he made those proposals back in the spring, he believed the estimates. He now does not, and he now comes here with a deficit of the order of \$220 million. I

think that nothing can be said about this budget except this: the authors of the budget sit on the treasury benches. It is their budget and their deficit. They took credit for the tax measures which obviously were popular. They now must take the responsibility for the deficit which flows as to 100 per cent from the measures they took and as to 0 per cent from anything they may have inherited from the government before them.

Let me make a couple of other observations, Mr. Speaker. There was mention of job creation and the suggestion that the commitment to do something about job creation starts today. Maybe the commitment starts today, but the obligation started on May 8. That was the obligation. Your obligation was to start creating jobs in May and not start creating them in late November. And while you may acknowledge that your commitment to create job starts in November, I suggest to you that the people of Saskatchewan believe you have the obligation starting in May when you became the government. That goes with being the government, you know. You can't set aside your obligations and decide that you will pick up the obligation to create jobs along about November after you have studied and reviewed and had your task forces and all of your other – visited psychics – and all of the other things . . .

**SOME HON. MEMBERS:** – Hear, hear!

**HON. MR. BLAKENEY:** – . . . which you have done in order to get some idea of how your government ought to be operated.

Mr. Speaker, there are a number of flights of fancy in this, and some fancy footwork too. You heard the Minister of Finance say that \$702 million was budgeted for health and he is going to spend a lot more. And a figure was budgeted for education and he is going to spend a lot more. And what has he done? He has, of course, taken the money from the Department of Health and said that was the money for health. And we all know that the Department of Northern Saskatchewan had a significant sum of money in for health. And now he has taken that out of the Department of Northern Saskatchewan, put it over into the Department of Health saying, "Look how much more I'm spending on health!"

They have, Mr. Speaker, done exactly the same thing with respect to spending on education – exactly the same thing. We know in this House that the responsibility for the Department of Health, for health in northern Saskatchewan, has been taken over by the department October 1. We know that spending after October 1 will be marked up to the Department of Health and not to the Department of Northern Saskatchewan. We know that therefore the money that was in the Department of Northern Saskatchewan will be now credited in the Department of Health, and what do you know, the estimate of the Department of Public Health is higher. Well done, well done! A great contribution to health in this province.

I could say the same with respect to education; the same thing has been done there. They have taken spending out of the Department of Northern Saskatchewan, put it over into the Department of Education and Continuing Education and said, "Look how much more we're spending on education."

Now that's the sort of fancy footwork which I think a budget presented by the Minister of Finance can do without. I think that there is no reason. I particularly looked at the figure of \$702 million for health which he has quoted in here, and it is the precise figure for the Department of Health in the estimates of March, and he well knows it. And he well knows also that there's money in the Department of Northern Saskatchewan, and now

that will be increased to swell the spending.

Mr. Speaker, we are delighted that they're going to bring in some legislation to deal with the sales tax on children's clothing. As we know, I think, that was taken off by the previous government, the legislation was not passed, and I think we ought to pass the legislation. It should have been done in the June-July session but it wasn't. And better late than never. I compliment the Minister of Finance for deciding that he is finally going to make the law accord with the facts.

With respect to senior citizens, I think it was very touching of him to say that they're going to spend some more money on senior citizens who are in nursing homes, notwithstanding the fact that they have increased the fees. I would have liked also to see some indication that they were going to try to do something for senior citizens who live in their own homes through the senior citizens shelter allowances, which was in the previous discarded budget and is not in a program which has been discarded. And among the people who in effect are discarded are those 21,000 senior citizens who would have benefited from that program, but will not now benefit from that program because it has been struck out by the current government

Mr. Speaker, I obviously have more comments to make as soon as I have an opportunity to examine the figures more fully, and as soon as I have an opportunity to see the estimates which have come across. We have all noted that the previous budgetary documents were in the cobalt blue which we had come to be accustomed to, and the new ones are showing up in this dark or royal blue.

**SOME HON. MEMBERS:** – Hear, hear!

**HON. MR. BLAKENEY:** – And I'm particularly glad at the change of color because I would not have wanted anyone to confuse the budget in this dark blue cover with anything that our government would have brought in.

**SOME HON. MEMBERS:** – Hear, hear!

**HON. MR. BLAKENEY:** – Mr. Speaker, in order that I may add some further remarks at a later time, I beg leave to adjourn the debate.

Debate adjourned.

**HON. MR. ANDREW:** – Mr. Speaker, with leave of the Assembly, I move, seconded by the Hon. House Leader:

That the debate on the motion that this Assembly do now resolve itself in the committee of finance to be resumed on Friday next.

Motion agreed to.

The Assembly adjourned at 8:02 p.m.