

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
March 29, 1983

EVENING SESSION

GOVERNMENT ORDERS

TABLING OF ESTIMATES

Hon. Mr. Andrew: — Mr. Speaker, I have a message for His Honour the Lieutenant-Governor.

Mr. Speaker: — The message from His Honour the Lieutenant-Governor, C. Irwin McIntosh:

The Lieutenant-Governor transmits estimates of certain sums required for the service of the province for the 12 months ending March 31st, 1984, and recommends the same to the Legislative Assembly.

Hon. Mr. Andrew: — Mr. Speaker, I move, seconded by my seat-mate, Mr. Taylor:

That His Honour's message and the estimates be referred to the committee of finance.

Motion agreed to.

MOTION FOR COMMITTEE OF FINANCE (BUDGET DEBATE)

Hon. Mr. Andrew: — Mr. Speaker, I would like . . .

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — Mr. Speaker, I would like to begin this evening by welcoming viewers from across the province to the Legislative Assembly. At a time of economic challenge and rapid economic change, with difficult choices to be made, I think it's important that the tax-paying public have an opportunity to follow and to influence the budget-making process. In January of this year I began a pre-budget consultation, with meetings with community leaders in Regina, Saskatoon and Prince Albert. Their advice helped us in making the decisions needed to prepare this budget and this evening I would like to thank those people.

Before I set out the details of the government's 1982-83 spending estimates, let me comment on the state of the Canadian and Saskatchewan economy. The Saskatchewan economy, the Canadian economy is only now beginning to emerge from the hardest economic times since the Great Depression. Over the past three years policies designed to squeeze out inflation through high interest rates have resulted in falling output, rising unemployment in virtually every western industrialized nation. While inflation has been dramatically reduced, the price paid has been excessive. From mid-1981, when the Canadian economy entered fully into the recession, to the present, the cost has been \$50 billion in lost economic output, 30 per cent of the industrial capacity has been left idle and 1.5 Canadians are without a job. This has been the cost of short-sighted economic policies that have stumbled from opportunistic stimulation to, to severe deflation.

While the current level of unemployment is unacceptably high, the Saskatchewan economy has undeniably performed better than the rest of the Canadian economy. With seasonally . . . seasonably adjusted unemployment rate at 7.6 per cent for February, Saskatchewan remains the only province with single-digit unemployment rate. In February there were 3,000 people . . . 3,000 more people employed in Saskatchewan than a year earlier. In contrast 275,000 people lost their jobs in the rest of the country.

Inflation has come down dramatically. Nationally the inflation rate has declined by over 4 per cent in one year and the gains have even been greater in Saskatchewan. In February Saskatoon had the lowest inflation rate in Canada, just under 6 per cent. Regina's rate was only slightly higher. The more rapid decline in the Saskatchewan inflation rate is largely a result of direct measures that we as a government have taken to ease the burden on the people of Saskatchewan. We eliminated the road tax on gasoline and reduced the pressures on the cost of living.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — The mortgage interest reduction program protected homeowners and reversed the free fall of housing starts and sales that occurred prior to April of 1982. Changes in the oil royalty structure put an industry back to work and the farm purchase program made more affordable the Saskatchewan tradition of an independent family farm. These programs continue to turn back more than \$150 million per year to the people of Saskatchewan. We continue to be committed to those programs and we continue to be very proud of those programs.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — The economic courses that the government has charted since taking office, a course that we have been following in the preparation of this budget, is one calculated from a thorough assessment of our options. We are following an approach to economic development that we believe will work, and is working. This government believes that the private sector is vital to an economic plan. We believe that one of the most important tasks we face is to show individual investors in Saskatchewan and those in the rest of Canada, that this province is heading for a period of high, sustained growth and that they should be part of that growth.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — If we want diversification, there is no substitute for the imagination, the energy, the capital of thousands of individuals with the lifetime of experience in business, or in their trade, who are constantly seeking of new ways to beat the competition. But I also said in my November, 1982 budget address, that we will build on any, any strategy or combinations of strategies that produce results, and that still is my view.

In our economic strategy the public sector is also indispensable. We intend to use the public sector, not in isolation and not exclusively, but as one element of a balanced mixed economy. The challenges that we face now, and those that lie ahead, are too complex to be met by simplistic solutions. Canadians have learned that there, there is no quick fixes. There is no simply formula. There is no tape and bale wire repairs that can disguise the fact that our national and provincial economies are going through

fundamental structural changes. Jobs and even whole industries are changing as the Canadian economy adjusts to international competition and quickening waves of technological innovation.

We can control some elements of the recessionary inflation, but we can't control them all. Our resources in agriculture sectors in particular are threatened by the current instability of international markets. International oil markets are in a state of chaos. The OPEC producers who once formed the most disciplined and effective commodity cartel in history are now struggling to prevent an international oil price war. This is no spectator sport for the province of Saskatchewan. Falling oil prices will largely wipe out the oil export revenues and cause serious uncertainty to investors in the oil industry.

Most of the oil produced in Saskatchewan has been sold for years in Canada at prices well below the world price. As international oil prices rose rapidly, western Canadian oil prices fell further and further behind that international price, steadily increasing the gap between what oil was worth on the international market and what oil was worth in Canada. The availability of under-priced western oil has created a very large subsidy for consumers and their governments throughout Canada. The Canada-Saskatchewan energy agreement struck a compromise between the interests of the consuming and the producing provinces. We agreed to continue to subsidize consumers, but at an acceptable level. But there was no agreement to absorb any or all losses, thereby reducing the revenues and damaging our industries. Saskatchewan did not agree to lose going up and coming down.

With the recent decline in the world oil prices our old oil is still priced well below world levels. We resent any suggestion that the price of old oil should fall and we will resist the pressures to increase the subsidy at the expense of our producers, at the expense of our revenues, and at the expense of essential programs that depend on those revenues. Those who suggest that the Canadian oil price should fall, point to the fact that the gasoline prices in Canada are now higher than they are in United States. Indeed this is true, but only in those provinces that have high taxes on gasoline. In effect, those governments have appropriated the benefit of under-priced western crude instead of passing that benefit on to their consumers. As a result, only the producing provinces with no gasoline tax are we price competitive with United States. That, in reality, is the made-in-Canada energy policy. The producing provinces cannot be expected to provide cheaper oil so that other provinces can increase their already high tax on gasoline.

Potash markets are also depressed partly because of the offshore price-cutting competition, but more because the world grain surpluses and a drop in farm income have meant the deferral of fertilizer purchases by U.S. farmers. As a result, sales have fallen, lay-offs have taken place, and government revenues have been lost.

Last year's record level grain harvest made a major contribution to our economy. Agriculture has been, and must remain, a vital source of strength in our economy. Regrettably, well enough is not being left alone by the federal government. The Canadian economy benefits enormously from the export of the Saskatchewan grain harvest. With the Pepin plan, we have a quarterback tackling his own team-mates. If Ottawa proposal to rescind the Crow rate are not themselves rescinded, international grain markets that have been built up over three generations will be jeopardized. Our farmers are already squeezed by lower prices and higher interest rate and input costs. This new burden, imposed by their own federal government, will undermine their

competitiveness. We must succeed in our campaign to show the federal government that the Pepin proposal to change the freight rates will prove catastrophic for Saskatchewan, but also for the rest of Canada.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — As a result of these actual and potential threats to the provincial economy, I have to deal with weakening government revenues, pressure to increase expenditures, and a need to stimulate the economy. The choices are not easy, as many of the people that we met in our pre-budget consultations will attest to.

To reduce and maintain control over a deficit, we could increase taxes. But I believe that any general tax increase at this time would be harmful to any economic recovery. Again, to avoid a deficit, we could slice expenditures and eliminate program. I believe that we have an obligation to make efficient use of the public purse. But this government believes there is never a right time to cut essential services, and we will defend those services in good times as well as bad times.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — Same time, there is a need to, for economic stimulation. But how much? And what type of stimulation? The possible benefits of massive injection of government funds into the economy must be balanced off against the costs. Short-term give-away programs will do very little to redirect the economy towards the proper future.

The main factors we face, then, are these: there is good reason to hope that the national economy is about to recover, or already has started to recover. Saskatchewan has not been as, affected as deeply by the recession as many other provinces, but there has been an increase in unemployment, and a fall off in resource prices has damaged the government's revenue position. Confidence in our economy, I believe, remains strong. Our credit rating is still high, and despite a slow-down, the private sector investment and job creation activity is still taking place. In short, we believe that to maintain stability and confidence in our economy we have to avoid significant tax increases and support social protection programs, even if that means a larger deficit.

The budget I am presenting tonight responds directly to the needs and the aspirations of our population. Let me highlight our program for 1983. Tonight I will be announcing a nine-point program to expand job opportunities in the province of Saskatchewan.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — Two, a significant expansion of a province's skilled trained capabilities.

Three, a redirection of the heritage fund to recognize the basic importance of agriculture to Saskatchewan people.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — An improved and strengthened health care system in the

province of Saskatchewan.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — A new initiative to foster research and development in the province of Saskatchewan and a more streamlined government organization able to serve the public in a more efficient and effective way.

Let me turn to the specific actions to be taken, starting with economic development. This government does not agree that more and more government spending through directionless programs can solve all of our problems; our approach is different. Saskatchewan people want permanent jobs created in our province for themselves and their children.

Tonight I am pleased to announce the nine-point program aimed at making more jobs available now and in the years ahead. First, we will extend the Build-A-Home program to August 1, 1983. This program, which provides a \$3,000 grant to the purchase of a new home, purchasers of a new home, has been a tremendous success. Over 1,500 applications have already been received from home-owners. We expect approximately 1,500 additional units will be constructed under this extended program. In total this program will help create 4,500 jobs in the housing industry, and I . . .

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — . . . and I have asked the federal Minister of Finance to make a similar extension of the federal housing grant program.

Two, second, I am pleased to announce a new five-year, \$32 million program for the construction and renovation of a culture and recreation facility in Saskatchewan. In 1983 we are allocating \$5 million to these capital projects.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — Third, this budget doubles, doubles the amount of youth employment funding — \$2.7 million will be provided for Opportunities '83 program to assist all sectors of the economy in hiring young people over the summer months — up to 30,000 weeks of work will be created.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — Fourth, I am pleased to announce a \$20 million tax reduction for small businesses targeted directly at job creation.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — For each permanent, full-time employee that an existing small business adds to its work-force up to the end of August of 1983, the province will rebate \$5,000 to that business, to a maximum of 10 employees and, therefore, a maximum of \$50,000 to that small business.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — For a new small business setting up shop in Saskatchewan, this

program will provide \$5,000 for one out of every three new employees, again to a maximum of \$50,000. This program will apply for jobs that are created for not just a few months. We will insist upon a completion of a 12-month period to establish the fact that a permanent new job has been created. This incentive will help create up to 4,000 jobs in our vital small business sector of our economy.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — Fifth, the budget will provide \$8 million in funding for the continuation of the Saskatchewan Jobs Program. This program, in conjunction with the federal job creation program, will finance 3,500 jobs in 1983.

Sixth, we will allocate \$2 million for economic development program for treaty Indians. This program will be implemented on reserves, and is aimed at promoting local economic self-sufficiency.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — The program will provide support for job creation in two ways: directly, through support for economic ventures employing Indian people; and indirectly, through improvement of services required to promote further economic initiatives.

Seventh, I am pleased to announce the government's intention to create a \$30 million special projects fund to help finance future productive investments in the Saskatchewan public sector. I am particularly pleased to explain the source of this \$30 million. Through careful management . . . (inaudible) . . . expenditures proposed in our November budget, we estimate departments and agencies will be able to return and turn back to the treasury a further \$30 million in 1982-83. This is over and above the significant administrative economies already built into that November budget. Thirty million dollars . . .

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — Thirty million dollars generated by a government becoming more and more productive, now available to be turned back to the economy for productive investment.

Eighth, eighth, an ongoing capital program of government and crown corporations will continue to play an important role in the provincial economy. Over \$1.5 billion will be spent on numerous capital projects next year, supporting approximately 11,000 person-years of construction employment.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — Our capital construction program will support such projects as diverse as the geological sciences building in Saskatoon, the Nipawin power project, and the extension of rural gas distribution system.

I see the members opposite are not happy with our job creation program.

Ninth, ninth in total, Mr. Speaker, I am pleased to announce that our government's

intention to proceed in 1983 with the establishment of a provincial crown utility to service the growing water requirements of the province of Saskatchewan. The creation of this water distribution utility will be after the . . . Saskatchewan's successful experience with utilities of natural gas, electricity, and telephones.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — This government's program to expand employment opportunities in Saskatchewan shows a genuine effort to use whatever mechanisms we have available to us to create jobs within the limits of what is reasonable and what we can afford. I call on all sectors of the economy to join with us to keep Saskatchewan's employment picture the brightest in all of Canada.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — But more is needed if recovery is to be sustained. We, as a province, have to be equipped to face a more competitive and dynamic economic future. The people of Saskatchewan need to have marketable skills to face the challenge squarely.

The department of advanced education and manpower will give new direction to post-secondary education and training in this province, ensure that programs are directly linked to the present and future demands of the labour market. As the economy recovers and expands, there will be a strong demand for more highly trained workers. Yet, when we took office, over 50 per cent of the applications to technical schools were turned away because there wasn't enough spaces. This is no way, Mr. Speaker, this is no way to keep our young people in the province of Saskatchewan. This government believes there is no better investment than providing sound technical training for young people of this province who want to stay and work here.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — Accordingly, it gives me pleasure this evening to announce a major expansion of our technical training system. Over the next four years, we will spend \$120 million to finance a 60 per cent increase in the number of training spaces available in Saskatchewan for our young people.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — In this first year, 1,200 new training spaces will be provided at a cost of \$7 million. Of those new spaces, 800 will be in our existing institutes in Regina, Saskatoon, and Moose Jaw. However, we must also respond to the needs of those people in the smaller communities, such as Yorkton, Melfort, or La Ronge, who cannot leave their, their homes and their families or their jobs to receive training or retraining. To meet the needs of these people, I am pleased to announce the new Saskatchewan Skills Extension Program. This program will provide 400 new training spaces in communities across Saskatchewan.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — In addition to providing new training spaces, the government will expand the type of training available. New courses in high-technology and service occupations will be developed and delivered. This is the means of providing job-related

training, at the same time creating the skilled labour pool who will attract industries to this province.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — As well, we will make major, a major effort with regard to the fundamental basis of our education system, the elementary and the high school system. This budget contains 25 new school projects for both rural and urban Saskatchewan as well as the first-year funding of two new high schools in the city of Saskatoon.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — I would now like to turn to the heritage fund. One of the original purposes of the heritage fund was to act as a revenue stabilizer. In good times, money could be paid into the fund. In bad times, money could be withdrawn to offset falling revenues. That, at any rate, was the intention. But as the previous government allowed the crown corporations to grow and expand, the fund became their creature. It was transformed into a cash cow for the crowns. As fast as the revenues grew, they were consumed. Today, as presently structured, the fund no longer is capable of performing its revenue stabilizing role. To the extent possible, we propose to change this.

I will remove the . . . we will be removing the present rule which restricts the annual transfer to the consolidated fund to 80 per cent of the heritage fund revenues.

In addition to the changing of the rules governing the flow of heritage fund revenues, we intend to redirect the use of the heritage fund assets. Instead of being a bottomless pit for crown corporations, we believe that the heritage revenues and funds should be used for a positive vehicle to encourage private sector development.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — As a result, I am pleased to announce the establishment of two new divisions of the heritage fund, which will directly support key components of our economic development strategy. To strength our investment in Saskatchewan's future, a clear commitment must be made to enhance our competitive position. This can only be assured by undertaking major new initiatives in research and development activities and by ensuring that the latest technologies are developed by Saskatchewan firms. As well, overall growth potential will be raised tremendously if we are able to attract some of the high-technology industries into this province.

Accordingly I am pleased to announce the establishment of a research and development division of the heritage fund. Our initial contribution will be to designate \$50 million of securities held in the heritage fund for this new division.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — Secondly, secondly Mr. Speaker, we will establish the agriculture division of the heritage fund which will initially be used to fund the farm purchase program. In the future the heritage fund will support significant initiatives that will have lasting impact on the growth and the structure of our primary industry, agriculture.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — With the creation of this division, existing land bank assets will be transferred into the heritage fund. This will enable us to translate an asset base with a potential value of over \$500 million into a major funding source for the farm purchase program and other initiatives. In 1983 the farm purchase program will finance the subsidy on loans totalling \$200 million to Saskatchewan farmers at interest rates of 8 per cent for the next five years.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — In the first two years of that program we will assist 2,800 farmers with advances of up to \$350 million.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — The Saskatchewan business community is proud of its accomplishments and of its independence. Its representatives have made it clear to me that they want government assistance limited to only those activities that they can't realistically undertake themselves. To provide this help we will be working with Saskatchewan business in various trade development activities. We will increase funding to, to trade development by \$1 million in 1983-84. This money will be used to identify and pursue export opportunities of Saskatchewan goods and services, both in Canada and around the world.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — To this end, we will assist Saskatchewan business to compete for contracts with larger firms, crown corporations and the government. We will be opening a new trade office in United States. We will be encouraging Saskatchewan buys to purchase more goods and services from Saskatchewan. And we will be participating in trade fairs and missions, and promoting Saskatchewan business and promoting the province of Saskatchewan.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — I am also pleased to announce the funding of over \$2 million to encourage investment to locate in the province of Saskatchewan. This government places a high priority on attracting new businesses and new jobs to the province of Saskatchewan. Part of this program will involve a investor information service, technical and project development assistance to new businesses, and a new Saskatchewan Ambassador Award. And what this will do is for a resident or a former resident of Saskatchewan instrumental in attracting a new business into the province of Saskatchewan, we will make a commitment to that person of \$5,000. But that money will be used, not by the individual, but he will allocate it to a educational institution in the province of Saskatchewan on behalf of his contribution by way of a bursary.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — And this government believes that the drive to increase productivity must begin here, with the government. This government has an obligation to set an example by using its own resources efficiently. For 1983-84 we adopt a three-

part strategy to control spending and increase productivity.

Number one, as announced, we will be setting up and organizing and reorganizing the departments of government.

Secondly, this strategy will deal with costs. When you look at the, at the costs we face as a government, over 50 per cent of our costs are, are salary costs.

In August, our Premier announced a, an economic recovery program. Public sector wage guidelines were an important part and a central part of that program. Those guidelines which we believe to be fair, and have been accepted without the kind of difficulties that have been experienced by many other jurisdictions across the province. Since the inception of that program, we have had settlements with over 30,000 workers in the province of Saskatchewan in accordance with those guidelines.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — Finally, we have carried out an exhaustive scrutiny of every tax dollar spent by this government. As a result of this comprehensive review and restructuring of government programs, I am pleased to inform, inform the House that the rate of increase in spending for 1983-84 is just under 7 per cent. This is the target the Premier set for the government last summer, and I am pleased to say that we have met that target.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — But that is not the whole story. We said that when we were elected that we would, we would strengthen those programs that provide essential services to the people of Saskatchewan. This is no easy task when you consider that health, education, and social services account for two-thirds of the total budget. Nevertheless, I am pleased tonight to announce the combined budget increases for health, education, and social services will not be 7 per cent, but nearly 10 per cent. This amounts to an enrichment of nearly \$50 million over the 7 per cent level, and I am pleased to say that every penny of this has been provided without exceeding our 7 per cent guideline.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — Health and social services are fundamentally important to any society. Saskatchewan . . . in Saskatchewan, this government takes special pride in the improvement that we are implementing in this budget and are planning for in the future. In 1983-84, we will provide \$978 million for the maintenance and improvement of a health care system. That is \$1,000 for every man, woman, and child in this province, and represents a full 30 per cent of our entire budget.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — Included in this is a 25 per cent increase in the construction and upgrading of hospitals across the province, and I, I make mention of only a, a few of those: the, the continuation of the, of the multi-year renovation program at the University Hospital, as well as the Regina hospital regeneration program; funds will be

made available for the provincial rehabilitation centre in the city of Regina.

During the recent Kinsmen Telemiracle, my, my colleague and friend, the Minister of Health, announced the government's intention to participate in the construction of a new Kinsmen children rehabilitation centre in Saskatoon. This budget contains funds for that commitment.

Tonight I am pleased to announce a five-year package totalling \$17 million for the upgrading of cancer services in the province. This includes . . .

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — This includes \$10 million for the construction of a cancer clinic in Saskatoon, as well as other enrichments in our strength, to strengthen their fight against cancer.

Our commitment to an improved health care system extends beyond that. We will provide 120 new nursing home beds, 120 new nursing positions throughout the province. As well, a new four-bed pediatric intensive care unit will be built in University Hospital in Saskatoon. Cardiac services at Regina Plains Centre in Regina will be enhanced.

As recently announced, the continuing care division of the Department of Social Services was transferred to the Department of Health. This transfer will help effect a rationalization of hospital and nursing home beds and promote the maintenance of high standards of nursing care.

To provide for the operation of nursing homes in 1983-84, there will be a 19 per cent increase in funding. This will fund 97 new nursing home beds in 1983 and provide more staff at selected nursing homes.

We will increase funding to the home care program by nearly 37 per cent in 1983-84. In short, we are continuing to improve and upgrade our health care system at every opportunity.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — Recent unemployment statistics for Saskatchewan have been more encouraging, but it's still realistic to assume that high levels of temporary income support will be needed for all or part of 1983-84. I am therefore allocating an additional \$26 million to the Saskatchewan Assistance Plan.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — As well, the cost of living increases has been included in the family income plan, which provides support for low-income mothers and their children.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — The November budget set out a revenue and expenditure plan that would yield a combined deficit of \$220 million. Since that time, there has been a modest decline in revenues largely as a consequence of lower potash revenues. As I

mentioned earlier, we have also set aside \$30 million into a special projects fund. Nevertheless, through careful management of our expenditures, I am pleased to report that the combined deficit for 1982-83 will be at the level I announced last November. The dominant . . .

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — The dominant factor in 1983-84 fiscal position is a virtual disappearance of the revenue from export charges on oil. In 1982-83 we budgeted for, and will receive, about \$215 million from oil export tax. For 1983-84 we now expect to receive only \$24 million from oil export charges, a decline of \$190 million. As a consequence of this decline in oil revenues, our combined revenue increase will increase at only 3.8 per cent to a level of \$2.808 billion. With combined expenditures increasing at 6.8 per cent to a level of \$3.125 billion, the combined deficit for 1983-84 is anticipated to be 317 million.

This budget faces up to the reality of world oil markets and the impact of oil revenues, and it presents a responsible and carefully constructed expenditure plan. It is the case, however, that an increase in the deficit could have been avoided by an increase in taxation. As an example, by increasing our sales tax from 5 points to 7 points, we could have raised \$100 million in additional revenues. But this budget will not impose such a significant tax increase since such policies would endanger any kind of economic recovery.

We have chosen what we consider to be a reasonable solution. We have implemented . . . We will implement modest tax increases. We will present a responsible increase in spending of 6.8 per cent, and we anticipate a manageable increase in our combined deficit. In the present economic circumstance, we are persuaded that it should be carried. That deficit should be carried by the government, as opposed to being passed on to the citizens by way of tax increases.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — In my November, my November budget address, I referred to this government's commitment to establish a tax system which provides a competitive environment for our business community, and to reduce the burden on individuals. We still hold to this commitment and will continue to work improvements in our tax system.

As I have mentioned before, current economic conditions, and especially uncertainty surrounding the oil price, has led to a weakening in our revenue position. While we are confident that the provincial economy is strong and will continue to outperform the national economy in the long run, it is appropriate to implement several tax measures to strengthen the government's current revenue situation.

First, effective April 1st, the tax applied on diesel fuel used in railway locomotives will increase from 1.9 per cent per litre to 5.6 cents a litre. This increase is expected to yield \$7.6 million in 1983-84.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — Secondly, effective midnight, effective midnight tonight, the tax on cigarettes will be increased from 42 cents to 52 cents a pack of 25, and the tax on cut . . . on other tobacco and cigars will also be increased. And in spite of the representations made by

my good friend, the Premier, we are also going to increase the price of snoose.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — It is expected that these higher taxes on tobacco and cigarettes will yield approximately \$9.5 million in 1983-84.

For the year 1983-84, the capital financing requirements of the government and crown corporations will total \$1,467,500.00.

Finally, Mr. Speaker, nationally and provincially there is a debate over the direction of our economic policy as we approach what many believe, and all hope will be, a period of recovery. Is this the time to opt for stimulation and hope that a massive injection of government money and government spending into the economy will catapult us out recession?

As much as some might want to open the floodgates and direct the flow of dollars into the economy, I have reached the conclusion that for the moment we must choose moderation, not drastic measures. While it is still too early to eliminate all the effects of recession, it is not too late to permanently derail our progress to recovery by ruthless action.

We have continued measures to cut the cost of living for the people of Saskatchewan. We have found more money for health care, more money for educational training, and more money for jobs. There is no major tax increases. Spending has been kept to within 7 per cent guidelines. An increase in the deficit is seldom desirable, but we believe that the current moderate increase is fully justifiable in terms of the programs it will finance and the overall economic stance it will allow us to take.

A budget must satisfy many goals and difficult choices must be made by, between competing priorities and conflicting strategies. I am confident that the course that we have set before the Assembly this evening will guide us through the economic turbulence that still remains, and bring us soon into the calmer waters of recovery.

Mr. Speaker, before I move the traditional motion, let me say that perhaps the greatest, the greatest thing one can give, or a government can give the economy is a man like our Premier, Grant Devine.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — Young, dynamic and exciting. A man who always carries with him, and this is very important, always carries with him a positive attitude and a caring heart, and I think that contributes as much as many of the budgetary measures that you can put in a budget today.

Some Hon. Members: — Hear, hear!

Hon. Mr. Andrew: — It is my pleasure, Mr. Speaker, to move and seconded by my seat-mate and good friend, 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 rise to reply to the speech by the Minister of Finance. I first wish to thank him for giving me a copy of the speech before he commenced his remarks, and that was helpful. I extend to him my congratulations and my sympathy.

My congratulations because he has done his best to instil a note of accomplishment and promise into his speech. My sympathy because the harsh facts revealed by the figures so clearly expose the bones that are covered by the garment of his honeyed words. No, no, no minister of finance in recent memory has had to tell such a sombre story — a story of huge deficits, of cuts in programs which will be revealed when we see the estimates, a story of hopes that have been dashed.

Last March and April, a year ago now, Conservative candidates made a large number of campaign promises to the people of Saskatchewan — a very large number. And as they listed all their campaign promises they made two basic commitments to the people of Saskatchewan. The first was that the good things they promised would be in addition to the major programs and services already offered by the provincial government; that is, that the delivery of the Conservative campaign promises would not be at the expense of any of the basic programs — certainly not in health and social services, and highways, and the rest. The second basic commitment was that all these campaign promises were fiscally responsible; that there was money in the bank, virtually, to pay for them all. Conservatives promised over and again, over and again, that there would be no deficits. Two basic commitments made a year ago, no program slashing, no deficits. And the document is proof in black and white and Tory blue that the Conservatives misled the people of Saskatchewan.

Some Hon. Members: — Hear, hear!

Hon. Mr. Blakeney: — I, I say to the people of Saskatchewan tonight, the Conservatives have misled you. Now why do I say that? For this reason: that this is the second Conservative budget. Much of the Conservative Party's election platform awaits implementation. Many of the campaign promises have not been acted upon, some of the most expensive ones, the repeal of the sales tax, a 10 per cent cut in personal income tax. But in spite of that, Mr. Speaker, in spite of the fact that many of the expensive campaign promises have not been acted upon, we see a budget which is noteworthy primarily for the size of its deficit.

We see a budget which follows the largest budget deficit in the history of Saskatchewan and a budget which contains program cuts and an even larger deficit. That's why I say that the Conservative Party has misled the people of Saskatchewan.

Let's turn for a moment to some of the promises they have made. They made promises that they would accomplish substantial changes in this province without budget deficits. They made the promises and they are now delivering the bill.

We are going to pay for those promises in the form of lost services and in the form of a mortgage of our future and our children's future and the future of our children's children. That's what this budget deficit means.

A year ago, according to the audited reports for the financial year ended March 31, 1982, the province had a surplus of \$140 million — and I hope that nobody denies that. But all this has changed. The first Progressive Conservative budget had a deficit of

\$220 million, the largest in the history of Saskatchewan, indeed, more than the combined deficits since 1905.

This year's, this year's budget maintains the same dismal record. It, too, is our largest in history and it, too, is more than the combined deficits run up since 1905, even including last year's record of \$220 million. They're certainly taking in some money, but they're spending a lot more money than they're taking in. And what they can't pay for, they're putting on the charge account, on the credit card of you and me.

How much is \$317 million put on the charge account? How much does that mean to the government opposite? Well, it means that all of the ministers that I'm about to name are being paid for and their programs are being paid for on the charge account and not out of revenues taken in by this government. The Minister of Agriculture — his budget is 100 per cent out of the deficit, as is the Minister of Rural Affairs, as is the Minister of Co-ops, as is the Minister of Consumer Affairs, as is the Minister of the Environment, as is the Minister of Labour, as is the Minister of Culture and Youth, as is the Minister of Industry and Commerce.

An Hon. Member: — Don't leave me out.

Hon. Mr. Blakeney: — The Minister of Health, the Minister of Health admittedly cannot pay his budget out of the, out of the deficit, but all the others that I named can — including, including, Mr. Speaker, the Minister of Minerals Resources, the Premier. All of the budgets of those departments would fit quite nicely into the \$317 million deficit. That's where, that's what is being paid for on the credit-card basis. The figures are truly staggering. In two short years, the deficit exceeds a half a billion dollars — more than the total provincial budget 11 years ago, more than the provincial budget 11 years ago.

Let's look at it another way. Members opposite are fond of quoting Mr. Reagan, and one of his . . .

An Hon. Member: — Not any more.

Hon. Mr. Blakeney: — One of, one of, one of his favourite, one of his favourite ploys is to illustrate just how large a deficit is by bringing it down to terms which he hopes other people can understand. Well, Mr. Speaker, I have here a stack of bills . . . (inaudible interjections) . . . I have a stack of ten-dollar bills; I have 50 ten-dollar bills. Do you know, Mr. Speaker, how many stacks of bills like that it would take to make up their accumulated deficit of \$500 million? Well, I will tell you, Mr. Speaker: one million stacks like that, one million stacks of bills.

If I took one of those bills and laid it at the, on the highway at Vancouver and kept laying bills one by one by one, the . . . (inaudible interjections) . . . The string of ten-dollar bills would go into the Atlantic Ocean — 4,700 miles of bills. Well, Mr. Speaker . . . (inaudible interjections) . . . If I piled on stacks of bills on stack like this, the, the stack of bills making up their deficit would be how high? 4,200 feet high — not quite a mile high of ten-dollar bills. That's what they are offering the people of Saskatchewan.

Let me put it another way, Mr. Speaker. Let me put it another way. The last interest rate that they used when they borrowed on the Canadian market was 12.67 per cent — the

last one I saw. If, if we had to pay interest at that rate, and we have to pay back the deficit of \$500 million — and it's more than that; it's more than that — we will have to pay, if we pay it back over 40 years, interest of \$2.3 billion and, of course, you have to pay back the \$500 million. That will cost us \$70 million a year, every year, for 40 years. That's more than we pay in grants to all of the cities and towns and villages in Saskatchewan under our present grant formula. We are going to pay that! If we didn't have this deficit, we could double those grants, but we have the deficit and this only two years. If they keep this up, I could, I could draw even more alarming pictures of what we will have to pay in interest and sinking fund and what we will not have for government services.

This huge deficit clearly has to be paid by you and I and our children, and I regret to say, Mr. Speaker, that that is going to put a dead hand on what we will be able to do as a government for many, many years to come. And anybody who thinks it is not true, anyone who thinks it is not true, should look at what has happened in other provinces who have gone down this route — what I have called the Trudeau trail in the past, and we are going down that route, notwithstanding the assurances from the Minister of Finance that we would have balanced budgets over a four-year cycle.

I don't know whether he still stands by that, but I hope so, so that we will know that we will not be saddled with the dead weight of deficits which are facing a good number of other governments in this country. But, Mr. Speaker, the huge deficit is not our only problem. Nor are the budget cuts. I haven't had an opportunity to examine the estimates, but it's clear from his level of expenditure that there must be substantial budget cuts.

He proudly says that he is going to keep expenditure on education and health up to the level of 10 per cent. Keep in mind that the increase in the Saskatchewan Hospital Services Plan last year was 16 per cent or more; that the medical care plan got more than that; the drug plan got more than that. The universities got an increase of 17 per cent. And anyone under their budget — I'm not talking about ours, but their budget . . . And they are now saying 10 per cent will be lots — 10 per cent will be lots. When we have an opportunity to examine those figures, I think we will find that 10 per cent is going to be very miserly, indeed, to deal with some of the issues and problems being faced, particularly by the universities and by the, by the hospitals.

Now, why do we have such a huge deficit? And why do we have cuts in services? Is it because the budget provides for lower taxes? Far from it. No, every major tax that you and I pay, we are going to pay more. Income tax is up from 612 million to 708 million. Sales tax up from 329 to 359. Tobacco tax from 36 to 50. Liquor from 90 to 125 million. All of the sales taxes, the income taxes, are up. Even if you took into account the cut in, in gasoline taxes, we are still paying higher taxes than we were 12 months ago. Keep that in mind.

And in spite of the fact that we're all going to pay more, there are going to be program cuts. You'll say, perhaps the federal government is sending us less money. Not true. Look at the budget. Last year we got 431 million, and this year we're going to get over 480 million from the federal government.

Then what has gone wrong? Well, I'll tell you what has gone wrong. The promises of last April are coming home to roost. We are getting far less money from oil. We are getting far less money from potash. We are indeed getting far less money from resources all round. Resources will, I venture to think, provide a smaller percentage of the budget than of any budget for the last several years.

Well, how can this be? We are told that the oil industry is booming. We were told that a year ago it's in the doldrums; oil was not being pumped. Now the oil industry is booming. We ought to be getting a lot more money but we're not. Well, it is alleged, of course . . . It is alleged . . . It is alleged . . . It is alleged that this is because of the oil export tax. As we all know, the oil export tax would go down when the price went up, and that was absolutely inevitable. But what we got, what we lost on the oil export tax, we picked up on royalties. Or we should have, had they not slashed oil royalties in order to reward those people who supported them at the polls.

Some Hon. Members: — Hear, hear!

Hon. Mr. Blakeney: — Let's . . . The last NDP estimate, and it may have been wrong, obviously . . .

Some Hon. Members: — Hear, hear!

Hon. Mr. Blakeney: — . . . was \$796 million. And you corrected that, and you corrected that to \$710 million. And I hope you're not saying that was wrong, because it's your figure. Now you're going to bring in not \$710 million but \$538 million. When the impact of your royalty cuts takes its full bite, we lose \$175 million and that is why we are going to have program cuts. That is why we're going to have program cuts.

Let's . . . let's . . . let's look at potash. There is nothing in the budget, and I don't think I'll find it in the estimates, about \$50 million from the Potash Corporation of Saskatchewan but if it is, it isn't coming from earnings. It is coming from accumulated surplus. And there isn't any earnings, there isn't any earnings because the government opposite has decided to give large hunks of the potash industry to their friends in the private sector and that company, and that company is going to make a lot less money this year. There is no question that our market share, PCS's market share, has dropped, and it has dropped because of the conscious decision of your government. And that has lost us money, very clearly. You can't drop market share of several, several per cent — and in the case of offshore sales, 15 per cent or 20 per cent — without suffering a drastic loss in earnings. We have suffered that; we are not going to get a dividend.

So, Mr. Speaker, we see the pattern. More money from ordinary taxpayers. Even if the gas tax cuts are taken into account, ordinary citizens are being asked to pay more than they were a year ago. Let's be clear on that, there's no question about it. We are taking more from ordinary citizens. We are taking much less from resources. That cannot be denied. The figures speak for themselves. We are indeed now going to take all of the heritage money into ordinary revenue and notwithstanding the fact that we're dealing with a fast depleting resource in conventional oil, we are going to spend all the money and lay nothing aside.

We heard the stringent, not to say the strident, criticisms of members opposite saying that the money we set aside we shouldn't have invested in potash. They will not have that problem. They have decided to set no money aside and accordingly they will have no decisions as to what to do with heritage fund money. They are going to remove the ceiling which says they can only take 80 per cent into revenue and are going to take 100 per cent into ordinary revenue. And that will mean that there will be nothing out of that fast depleting resource for the generation yet to come.

Well those, Mr. Speaker, are some of the directions. Clearly we will want to examine

with some care the proposals for programs. We look with a sense, or listen with a sense of déjà vu when the Minister of Finance talked about our cultural and recreational facilities grant program, which was in the budget of a, of a year ago, delivered by my colleague, Mr. Tchorzewski. There was a goodly number of other — the geological services building — that was in that budget. We are, we are now having to repeat that because we have had one year of inaction by members opposite, who had an opportunity to act during 1982 and did not on either of those.

So that we are, we are rather clearly going to have to examine with some care what is in the address and what are in the estimates. In order that I may do that, in order that I may, therefore, put my views succinctly and I hope as, as helpfully to members opposite as I can, I ask, Mr. Speaker, for leave to adjourn the debate.

Some Hon. Members: — Hear, hear!

Debate adjourned.

Hon. Mr. Andrew: — Mr. Speaker, I move, seconded by Mr. Taylor from Indian Head-Wolseley, by leave of the Legislative Assembly:

That the debate on the motion ‘That this Assembly do now resolve itself into the committee of finance be resumed on Thursday, March 31, 1983.

Motion agreed to.

Hon. Mr. Andrew: — Mr. Speaker, I move that this House do now adjourn.

Mr. Speaker: — Before I put the question on the motion of the Minister of Finance, I have an announcement for all assembled.

I’m pleased to announce that coffee and dainties will be served in Room 218 immediately following the proceedings in the Chamber. You’re all cordially invited to attend. Room 218. It’s just to the left as you exit down the hall.

The Assembly adjourned at 8:08 p.m.