

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
Wednesday, March 21, 1984

EVENING SESSION

The Assembly met at 7 p.m.

Prayers

HON. MR. ANDREW: — Yes, Mr. Speaker, with leave of the Assembly I move that we proceed to government orders.

GOVERNMENT ORDERS

**TABLING OF ESTIMATES AND SUPPLEMENTARY ESTIMATES AND FURTHER
SUPPLEMENTARY ESTIMATES**

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

MR. SPEAKER: —

The Lieutenant Governor transmits estimates of certain sums required for the service of the province for the 12 months ending March 31, 1985, supplementary estimates of certain sums required for the service of the province for the 12 months ending March 31, 1984, and further supplementary estimates of certain sums required for the service of the province for the 12 months ending March 31, 1983, and recommends the same to the Legislative Assembly.

Moved by the Minister of Finance.

HON. MR. ANDREW: — Mr. Speaker, I move, seconded by Mr. Berntson, the member from Souris-Cannington:

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

Motion agreed to.

MOTION FOR COMMITTEE OF FINANCE (BUDGET DEBATE)

HON. MR. ANDREW: — Thank you, Mr. Speaker. I rise this evening to present the third budget of this administration. Tonight I will announce a major new program of economic development initiatives designed to mobilize a full range of Saskatchewan resources and talent, and generate new investment and new employment. In constructing this budget, I benefited from the suggestions, Mr. Speaker, of a large number of individuals, groups, and organizations, and from the ideas of my colleagues. Let me begin by expressing my gratitude to all those who assisted me. Many of their suggestions and ideas will be found in my remarks tonight. In last year's budget, which coincided with the end of the national recession, we put the main emphasis on job creation measures designed to have an immediate impact. While Canada has not yet regained all the jobs lost during the recession, we in Saskatchewan have done better and already have more jobs than we did before the downturn. Saskatchewan, our province, still continues to have the lowest unemployment rate in all of Canada.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — We took the decision to allow the deficit to rise for a second year in succession. It was a necessary, short-term measure to counteract the effects of a recession. But two years of increasing deficits are enough.

Over the last year, the Canadian economy has experienced some recovery. We have seen a return of consumer and investor confidence, greatly reduced inflation rates, and increasing production.

The consensus is that Canada has before it a period of renewed opportunity in which those who act with confidence will be rewarded.

Yet the recession has left in its wake some troubling after-effects. Our country is confronted with unacceptably high unemployment, particularly among our young people, a temporary weakened business sector, and extremely high deficits.

We face, in consequence, a paradox. Now is clearly the time to act if we are to capture the opportunity of renewed growth and prosperity. Yet all governments are having difficulty responding in the traditional ways because of the tightening grip of budgetary deficits.

The response of some may be to cut back programs and raise taxes in a single-minded drive to eliminate these deficits. In our view, this would produce neither confidence nor stability. We cannot expect to foster enthusiasm and a sense of common purpose by cutting programs that people rely on for their health and personal security. And major increases in personal income tax or sales tax can only dampen recovery.

I believe the conclusion facing all governments is that we must find new ways and new approaches to the challenges we face.

Our first two budgets began this process.

We started by shifting the emphasis from an over-reliance on direct government intervention to a more balanced approach of involving government and business, and we reaffirmed our belief, Mr. Speaker, in the business sense of the people of Saskatchewan.

We also made it a priority to end Saskatchewan's status as a province that our own investors leave, and others simply fly over. Our Premier and the members of our cabinet have devoted much time and effort to put Saskatchewan back on the business map.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — And perhaps most important, Mr. Speaker, we emphasized that Saskatchewan must first build on its strengths. Our agriculture sector is efficient, innovative, cost-conscious, and internationally competitive. We have potash, minerals, oil, and gas. All of these products contribute to our province's wealth, and all must be given a chance to flourish.

This evening's budget reinforces that approach.

Yet we're at a turning point. We need a forward-looking budget that introduces a new set of tools to deal with the emerging economic opportunities.

In preparing this budget, I began with the following principles: (1) now is the time to reduce the deficit; (2) if at all possible, there should be no increases in either personal income tax or sales tax; (3) we must find new ways to encourage economic growth and create long-term jobs; and (4) Mr. Speaker, we will not contemplate cuts in either health care or education spending.

This budget, I believe, fulfils those principles.

In this evening's budget I will announce the following, Mr. Speaker: (1) major new programs to increase investments in new and existing businesses; (2) specific measures to increase the stability and reduce the costs of agriculture; (3) initiatives to stimulate the housing, mining, tourism, and forestry sectors; (4) a significant tax cut for our small manufacturing and processing firms; (5) important new initiatives for our senior citizens; (6) expanded funding for basic health and education programs; (7) a new welfare and employment policy to emphasize skill training and job placement; (8) immediate job measures for our young people; (9) a significant new public sector salary policy; and, finally, (10) Mr. Speaker, opportunities for Saskatchewan people who wish to invest in our crown corporations.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — Before describing these policies in detail, I want to underline the fact that the ultimate objective of any economic development policy is the creation of permanent long-term jobs for our people. This government believes that many of our new jobs will come from businesses which have not yet started, or are still fairly small. We need to give them reason and room to grow, Mr. Speaker. We must, in particular, deal directly with the shortage of venture capital, or equity, if you like, which has prevented many small enterprises from becoming large ones. The shortage of risk capital stems from the fact that we, as a people, tend to be savers as opposed to investors. Now is the time to intensify our efforts to encourage Saskatchewan people to invest in Saskatchewan enterprises.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — Mr. Speaker, I am announcing this evening a new tax credit program, the first of its kind in Canada, to encourage Saskatchewan people to invest in new enterprises in our province. The personal and corporate tax system will be used to provide tax incentives — rewards, if you like — to investors who supply capital to our growing industries. Several specific tax credits will be established under the umbrella of the Saskatchewan tax incentive program.

This new program will use direct tax incentives to encourage investment in a wide variety of businesses and will be an extremely important instrument to encourage economic activity in our province. It will reward with tax credits those who provide investment funds in much the same way that an RRSP rewards those who provide for their own retirement.

This year we have chosen two applications for this program: first, a Livestock Investment Tax Credit which I will deal with later when I talk about agriculture, and a Venture Capital Tax Credit.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — The Venture Capital Tax Credit will offer a 30 per cent provincial tax incentive to investors in venture capital corporations. These corporations will provide equity capital for small manufacturing, processing, tourism, and research and development firms. Thus, an individual investing \$5,000 in a venture capital corporation will receive \$1,500 back from the provincial government. It is expected that approximately \$5 million in tax credits will be earned each year, generating \$16 million worth of new investment annually in the province of Saskatchewan.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — But more needs to be done to encourage investment and new jobs in our manufacturing and processing sector. I am, therefore, pleased to announce three further

March 21, 1984

initiatives for this purpose.

First, the Minister of Economic Development and Trade will introduce legislation to establish the Industrial Incentives Program. Under this program \$12 million will be set aside to provide a one-time payment of \$7,500 for each new permanent job created by the manufacturing and processing sector. Current projections are that this program will create over 1,500 new jobs in our province.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — Second, I am pleased to announce tonight a major tax cut for small business. Commencing January 1, 1984, we will eliminate the corporate income tax on small businesses involved in manufacturing and processing.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — This tax reduction will encourage successful small companies operating in the manufacturing and processing field to invest more in that industry. Small businesses will save approximately \$4 million this year and into the future, Mr. Speaker. Third, as a further measure to help small business, in this case those working in developing new technologies, the sales tax will be eliminated on all research and development prototypes.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — In my consultation with the small business community, I found a concern about the unpredictability of interest rates.

This has led to a shortage of fixed rate, fixed interest loans which, in turn, has deterred much needed investment in our province.

To provide a supply of long-term capital, Mr. Speaker, the province will, where necessary, place deposits with financial institutions offering long-term, fixed-rate loans to finance new and expanding businesses.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — Mr. Speaker, for more than a decade small business in Saskatchewan has been virtually ignored. We are changing all that.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — The program I have just announced, the first of its kind in Canada designed specifically to meet the needs of small business, a new Venture Capital Tax Credit, new Industrial Incentives Program, the elimination of corporate income tax for small manufacturing and processing firms, the security of long-term, fixed interest rate financing. Mr. Speaker, that is not ignoring the small business community of Saskatchewan.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — And, Mr. Speaker, that is not ignoring the jobs that will be created by the small business sector of this province.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — I now turn to agriculture. Everyone in this province, Mr. Speaker, knows that the Saskatchewan farmer is the central figure of our economy. The previous administration used to remind us of that at the beginning of every one of their budget speeches. The trouble is they never did anything about it.

By almost any comparison you choose to look at, Saskatchewan has spent less on its farmers in the last 10 years than any major, producing province. We began to change that all two years ago, Mr. Speaker. In only 15 months of operation, the new farm purchase program has helped over 2,500 farmers buy their land, buy a farm, Mr. Speaker.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — And this year we expect to subsidize a further 1,350 farmers with an additional \$150 million in loan capital.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — This evening I will announce a major new seven-point program to help control farm costs and to revitalize our livestock industry.

First, the Agricultural Credit Corporation has relaxed eligibility criteria, reduced interest rates, and substantially increased loan maximums.

Second, a \$4 million fund will be established to assist financially troubled farmers with viable operations who need temporary assistance. This will be a government-funded but farmer-run program.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — Third, increased financial assistance will be available to farmers wishing to develop irrigation systems. These three measures address specific difficulties confronting some farmers, and they will be described in more detail in the next few days by the Minister of Agriculture.

The fourth initiative in this package is aimed at reducing costs for all farmers, Mr. Speaker.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — We also need diversification within our agricultural industry. One alternative for our farmers has been livestock production. Unfortunately, over the past decade Saskatchewan's red meat industry has been plagued by unstable prices, uncertain markets, and rising costs.

The majority of our feeder cattle produced in Saskatchewan continue to be finished outside our province. We need to direct more investment dollars to our red meat producers, and we must promote the establishment of more feedlot operations.

I described earlier the venture capital tax credit for small business. The fifth point of our program for agriculture this evening is a new Livestock Investment Tax Credit for farmers — again, Mr. Speaker, the first of its kind in Canada. This tax credit will pay \$25 per head of cattle, \$3 for hogs, \$2 for lambs.

For every 100 head of cattle marketed, a farmer or investor will have his income tax reduced by approximately \$2,500 per year.

March 21, 1984

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — This measure will apply to all finished livestock sold for slaughter after midnight tonight. Sixth, as a further measure to strengthen the livestock industry, the government will guarantee operating loans for feedlot and custom finishing operations. Seventh, for beef producers having difficulty getting assured supplies of feed grain at predictable and reasonable prices, a feed grain marketing mechanism will be established to co-ordinate marketing of feed grain between producers and users.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — To make this seven-point program possible, we are providing a 20 per cent increase in the budget for the Department of Agriculture.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — I am convinced, Mr. Speaker, this new approach will have a beneficial and lasting impact on agriculture in our province. And when our farmers succeed, we all succeed.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — We have already taken, Mr. Speaker, steps to revitalize our oil industry by introducing royalty holidays. This has been an enormous success and has resulted in the most significant increase in oil activity in Saskatchewan's history.

Land sales set a record this year. The number of oil wells and gas wells drilled doubled — set another record.

This expanded activity has produced almost a thousand direct jobs in the oil patch in Saskatchewan. This expanded activity has increased the revenues over budget, by this government, over \$100 million, Mr. Speaker.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — Saskatchewan also has a vast area which remains mostly unexplored for mineral deposits. In the next two or three days the Minister of Energy and Mines will announce a new strategy to encourage the development of gold and base metal industry in northern Saskatchewan.

We intend to introduce long-needed improvements in the management of our forest resources and encourage more efficient harvesting and reforestation. The government is negotiating a new royalty system which will encourage substantial increase in forest renewal activities.

As well, the Minister of Parks will soon announce policies to give more opportunity to the small operators without threatening the viability of large crown or private sector companies.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — These changes in policy will help produce jobs both in the harvesting of trees, Mr. Speaker, and in the planting of new trees.

Tourism. Another major sector of the provincial economy with great potential is our tourist industry. We, since taking office, have worked hard to promote Saskatchewan as a tourist

destination both for our own folks in Saskatchewan and for the other North American travellers. This budget contains increased funding for important promotional efforts.

I'm also pleased to announce a series of major capital programs in a number of our provincial parks, but I'll only mention one, Mr. Speaker. Over the next three years we will spend \$3 million to transform Diefenbaker Lake into a major tourist attraction.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — I would now like to turn to the construction industry. Over the past two years, this industry has been rejuvenated by the Mortgage Interest Reduction Program and the Build-A-Home program. I estimate that those two programs have injected over \$67 million into that industry since we took office. Further steps are now required to encourage a high level of activity and employment in the construction sector. We will assist in two areas of particular need.

First, to increase the supply of rental accommodation, the government is establishing a self-supporting fund, which will grow to \$6 million, to provide builders with second mortgage financing. This program should result in the construction of 650 new units.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — The task force on senior citizens' housing focused attention on the needs of homeowners who wish to stay in their own homes but have difficulty undertaking the necessary repair and maintenance. Effective August 1, 1984, we are pleased to introduce a new five-year Senior Citizens' Home Repair Program. Grants of up to \$1,000 will be available to help Saskatchewan senior citizens repair and modernize their homes.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — This program, Mr. Speaker, will assist small repair and renovation contractors and tradesmen, and upgrade some of our older homes. But more importantly, Mr. Speaker, it will enable owners who have put a lifetime into their homes to keep them, even though they may no longer be able to afford or perform the maintenance work themselves.

As an additional step to help the construction industry and related businesses, I am announcing this evening that a capital construction program of over \$1.2 billion will be undertaken this year by the government and the crown corporations, and this will support 9,000 jobs in this province.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — No economic strategy can ignore the sizeable role that crown corporations have come to play in the Saskatchewan economy. It is essential that they be managed in a businesslike and forward-looking manner.

Since coming to office, we have taken positive steps to improve their performance and accountability.

Tonight, I have a number of new announcements relating to crown corporations.

To date, the people of Saskatchewan have had no opportunity to invest directly in their crown corporations. Neither have they been able to exert any degree of direct control over these massive investments.

March 21, 1984

We believe that the people of Saskatchewan should be provided with an opportunity to participate directly in these corporations.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — I am pleased to announce two new investment vehicles for the people of Saskatchewan.

First, Saskatchewan Power Savings Bonds will be offered to Saskatchewan residents. These bonds will provide fixed rate interest, and their value will be guaranteed by the government, much like a Canada Savings Bonds.

Second, participating bonds will be offered for Saskatchewan Oil and Gas Corporation. These bonds will offer a lower fixed rate of interest, coupled with an opportunity to share in the profits of the firm. Saskatchewan residents who own these bonds will have a right to elect a number of Saskatchewan residents to the board of directors of Saskoil.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — That, Mr. Speaker, is a major new innovation in the treatment of crown corporations. I stress tonight, though, that all steps taken to allow greater participation by Saskatchewan residents will be designed to ensure that the people of Saskatchewan keep control of our crown corporations right here in the province of Saskatchewan.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — I will have more to say about crown corporation reform in the days ahead.

I now turn to the question of utility charges.

Saskatchewan families are fortunate to have among the lowest power, telephone, and basic car insurance rates in all of Canada. Future rate increases will continue to be scrutinized by the Public Utilities Review Commission.

This government is committed to minimizing the burden of utility rate increases. Recently, my colleague, the minister responsible for Sask Tel, announced no increases would be requested in 1984.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — The minister responsible for SGI announced no increases will be requested in 1984.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — And I am pleased to announce further steps by this government to hold down utility charges. Saskatchewan Power will request no overall increases for natural gas in 1984.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — Unavoidably, Saskatchewan Power electrical rates will be increased later this year. The Public Utilities Review commission already set 9.7 per cent average rate increase.

However, to cushion these increases, effective April 1, 1984, I am pleased to announce the provincial sales tax on the electricity consumed in homes and on farms will be eliminated.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — Removing the sales tax from these electrical bills will save Saskatchewan residents \$5 million.

These steps will have a significant restraining effect on the increases in total Sask Power bills, Mr. Speaker, for the average farm or urban homeowner, power bills for gas and electricity will increase less than 5 per cent this year.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — Utility costs also represent a major cost in the operation of public recreation facilities. For that reason, I am pleased to announce that the sales tax will also be removed from utility bills for skating rinks, curling rinks, and swimming pools operated by the general public. This will return \$1 million to our local communities.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — Tonight I have announced major economic policies that will strengthen our economy and produce jobs. I have also announced that we intend to take steps to reduce the deficit.

I am pleased to say, however, that I have been able to accommodate these measures without cutting into our essential health and education programs. On the contrary, although overall increase in budgetary spending for government as a whole will be 4.9 per cent, I have set aside increases for health and education of over 7 per cent.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — As a consequence of these provisions, health care will exceed \$1 billion in spending for the first time in history.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — Let me explain, Mr. Speaker, what that means . . . \$1 billion, Mr. Speaker. All of the money, all of the money we would receive from income tax, Mr. Speaker, plus all of the money we receive from E&H tax, is equal to the money we spend on health care in this province.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — The Minister of Health will announce those details of the health budget in the next few days.

Among the highlights — over 26 million in hospital construction; measures to reduce the waiting lists in Saskatoon . . .

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — . . . new funding for ambulance, chiropody and lifestyle awareness program.

March 21, 1984

I am pleased to announce that we extended the Saskatchewan Aids to Independent Living for the first time to provide assistance to the visually handicapped.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — In addition, the minister responsible for the Women's Secretariat will be announcing details of a new program to address the increasing problem of violence against women.

Finally, we intend to act to deal with the chronic shortage of nursing home beds in the province of Saskatchewan.

In the five years prior to our coming to office only 142 new nursing home beds were provided. In our first two budgets, Mr. Speaker, this government provided over 190 new beds.

In just two short years we have exceeded the five-year record of the former administration.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — But we recognize that this is not enough to meet the needs of our ageing population.

Mr. Speaker, it gives me a great deal of pleasure to announce this evening a five-year, \$25 million nursing home program which will provide not 142, Mr. Speaker, not 142 new beds, but 1,000 new beds.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — Not only 1,000 new beds, Mr. Speaker. We will renovate an additional 500 beds.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — It is clear that we have increasing numbers of senior citizens in our population — our moms and dads, our grandparents. And they deserve our support, Mr. Speaker. I have already stated our commitment to provide more nursing home beds. This budget contains three other major announcements for senior citizens. We will provide \$6 million on an annual basis to extend the number of long-term care beds.

Second, I have indicated earlier we intend to bring in a new senior citizens' repair program. That will spend \$20 million.

Third, we will provide a major increase for Saskatchewan Income Plan to seniors who live outside long-term care facilities. From the time the plan was introduced in 1975, there has been only one cost of living increase — \$5, Mr. Speaker.

Effective July 1, 1984, the rate for singles will be doubled from \$25 to \$50; the rate for couples will be increased from \$45 to \$75.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — Combined with the recent announced increase by the federal guaranteed income supplement, this will mean an 18 per cent increase in the minimum monthly income for single seniors. The combined effect of these two increases, ours and the federal government's, Mr. Speaker, represents the single largest enrichment for Saskatchewan senior

citizens since the old age pension was introduced in 1952.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — The economic development measures I have announced earlier will go a long way to assist in the creation of permanent, high quality jobs. But there is one group in our society which is particularly vulnerable to the effects of unemployment, and that is our youth.

There are three key measures that we must undertake. First, to ensure adequate training spaces in technical schools — and we made that commitment last year, Mr. Speaker — 60 per cent increase.

However, there are some young people that lack the basic qualifications necessary to gain admittance to our technical schools.

Consequently, I am announcing this evening a second new thrust, Mr. Speaker. To provide basic adult education to the unemployed young people, 3,500 new spaces will be created over the next two years in our community colleges.

However, the most important requirement is the immediate supply of jobs targeted directly towards our young people. I am announcing this evening a six-point program designed to create 5,600 jobs for the young people of Saskatchewan over the next few months.

These programs, Mr. Speaker, will be as follows: a new wage subsidy program to encourage employers to hire young people; a new employment scholarship program to encourage businesses to offer summer apprenticeships; a new Careers Corporation to hire, train, and employ young people to build new recreation facilities; an Opportunities '84, like our Opportunities '83 last year; new employment development programs.

These programs, Mr. Speaker, will be as follows: a new age subsidy program to encourage employers to hire young people; a new employment scholarship program to encourage businesses to offer summer apprenticeships; a New Careers Corporation to hire, train, and employ young people to build new recreation facilities; an Opportunities '84, like our Opportunities '83 last year; new employment development programs to provide jobs for young welfare recipients; and Breakthrough, an employment program specifically for our handicapped individuals.

Let me now turn to the issue of welfare reform.

The existing system was designed in the 1960s and has come to become increasingly complex and bureaucratic. The program provides little opportunity for welfare recipients to improve their employability. Consequently, we seem to pay people on welfare to be unproductive and offer them no hope for the future.

I believe it is a time for a new approach to welfare. The principles will be as follows.

First, anyone who is able to work, we will help them find a job. Where skills training is required, we will provide it. Where job creation can assist, we will undertake.

Second, in situations where the appropriate job is not immediately available, we will encourage participation in community services, and we will set up a voluntary placement service to make this feasible.

Third, where possible, no single person — not married! — single person, who is able to work should get more money on welfare than he gets from working.

March 21, 1984

Fourth, under no circumstances will the benefits to senior citizens be less.

Fifth, the structure of the program must be simplified to eliminate waste, overpayment, and abuse.

With this new approach I believe we can begin to get people off of welfare and back to work while, at the same time, preserving the protection of those genuinely in need.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — In my budget consultations around the province, the issue of property tax was raised repeatedly. Many feel that property taxes are too high. Others found the assessment process confusing and unfair. These issues cannot be resolved unilaterally by the province, since they would have an enormous impact on the financial viability of local governments. As a result, we would be setting up a commission by the province, and many of the local governments will take part, Mr. Speaker. This will culminate in a major fall conference in Regina to deal with the whole question of local-provincial fiscal arrangements.

Finally, Mr. Speaker, this budget contains \$24 million to finance, this spring, the Saskatchewan Water Crown Corporation. The corporation will begin by consolidating existing water programs while preparing plans to make more effective use of Saskatchewan's resource. The corporation's head office . . . (inaudible interjection) . . . Mr. Lingenfelter, you haven't heard this. The corporation's head office will be located in the city of Moose Jaw.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — This government came to power determined to make the operation of government more productive and efficient.

Eighteen months ago, we introduced our economic recovery program, part of which was a public sector wage guide-line. There can be little doubt that the government wage levels have a significant impact throughout our economy. Our analysis show that our public sector employees have fared fairly well lately, compared to those in other areas.

I am, therefore, announcing a salary adjustment for 2,350 senior civil servants, effective April 1, 1984, will be zero, Mr. Speaker. We will allow merit increases, and carry on with that.

With respect to general budgetary restraints within government, I received clear and useful advice during my consultation sessions. I was advised as follows: don't cut back on the wealth-producing departments, or on health and education. These are essential services. But I was told, Mr. Speaker, to be tough everywhere else.

I believe this budget does that. I am pleased to say that the budget increase for health and education will be 7.3 per cent. The increase for economic development will be over 30 per cent.

The money to finance these increases for essential services has come from being tough everywhere else. On average, all other departments of government — that is, 26 out of 36 — will receive less money in '84-85 than they received in '83-84.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — As a consequence, the overall increase of spending for 1984-85 will be 4.9 per cent. This is the lowest spending increase in the province of Saskatchewan in the last 18 years, Mr. Speaker.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — Now let me deal with the fiscal situation for the coming year. I said at the start, Mr. Speaker, that now is the time to reduce the deficit. Last year, at the finance ministers' meeting, I proposed that all governments publicly agree to collectively reduce their deficits. This budget is consistent with that.

Despite the many significant new initiatives I've announced this evening, Mr. Speaker, I am pleased to announce that the '84 budget deficit has been reduced to \$267 million, a 20 per cent decrease in the level of the deficit.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — This is a responsible step, Mr. Speaker. The deficit has been turned around without any social disruption. It has been turned around without any cuts in basic service. And it has been turned around without any personal tax increases, Mr. Speaker.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — That is just a first step. This government is committed to working towards further reductions in deficits in the years ahead — reductions at least as large as the one you have seen tonight.

Mr. Speaker, we are reducing the deficit, and we will continue to do so. This is a forward-looking, responsible fiscal plan.

I will now turn to several increases in taxation rates. Effective January 1, 1984, the general corporate income tax rate will be increased from 14 per cent to 16 per cent. This general corporate tax rate is the rate paid by the large corporations doing business in the province of Saskatchewan and will generate us \$18 million.

Two, effective April 1, 1984, the rate applied to railway locomotive diesel and aviation fuel will be increased 8 cents and 1 cent a litre respectively. This measure will yield us an additional \$19.6 million, Mr. Speaker.

Finally, in respect to the tax on tobacco products, the tax on cigarettes, Mr. Speaker, will rise 15 cents at midnight tonight for a pack of 25, and across the other tobacco products. That will increase revenues by another \$14 million.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — Mr. Speaker, I stated at the beginning of my speech that now is time for new ideas. At the national and international levels, economies are in a period of accelerated change. The boundaries of competitive advantage are being redrawn daily, with the scales tipping in favour of those who accept and harness change.

As a nation, the imminent change we face in our political leadership may provide the necessary stimulus to seek out new approaches. As a province, we began that process two years ago . . . (inaudible interjection) . . . The member from Shaunavon, Mr. Speaker, seems to want to do all the talking tonight. I was trying to get finished the speech so that the Hon. Leader of the Opposition would have a few minutes on television. If he wishes to delay, I will allow him to delay.

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — Mr. Speaker, let me summarize this agenda for change.

March 21, 1984

We have introduced a major new incentive program for Saskatchewan investors. We have cut taxes for farmers and small-business men and we have held down utility rate increases for homeowners. We have taken steps to strengthen our basic industrial sector. We have greatly expanded skills training and created 5,600 new jobs specifically for young people. We have reformed our welfare program. We have provided the opportunity for Saskatchewan people to participate directly in our Crown corporations. We have protected and enhanced essential health and education programs. We have helped provide Saskatchewan's senior citizens with the largest increase in guaranteed income in the last 30 years. We have continued our program of reducing the costs of government, with the lowest spending increase in 18 years. And we have significantly reduced our deficit. Mr. Speaker, I believe this budget provides a further demonstration of the pledge we gave on assuming office: to keep what needs keeping; to change what needs changing; but above all, to listen and to be responsible to the needs of our people.

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

SOME HON. MEMBERS: Hear, hear!

HON. MR. BLAKENEY: — Mr. Speaker, I want to thank the Minister of Finance for his budget address. I think it's a very well-crafted address setting out in some detail all of the things which are laudable — many are not laudable but are set out as laudable — and saying nothing about a great number of other things. Some of us have been around in this legislature for a long time, and I venture to think this is the first time I have ever heard a budget speech which did not mention the word "highways." No mention of the word "highways." Not once, not even a mention.

There are, Mr. Speaker, going to be a great number of other . . . No, he mentioned not once the word "universities." Not once. No mention of many other major programs of government, but I think we will know much more when we see the *Estimates*, which we do not now have.

I say this, Mr. Speaker, that while I thank the Minister of Finance for his speech, I would have thanked him a good deal more for a budget which was directed more to the needs of the people, who I call the real taxpayers of Saskatchewan, because this budget very clearly misses many of the markets that should have been hit.

Let me touch on two or three points. I'm going to have much more to say when I join this debate later on, but let me touch two or three points.

First and foremost, this budget is another massive deficit budget.

SOME HON. MEMBERS: Hear, hear!

HON. MR. BLAKENEY: — The Minister of Finance is trying to turn the English language on its head. He is saying that he is lowering the deficit. Now the deficit is about \$555 million, according to his figures. He is going to make it \$822 million, and he says that's a reduction. That's a reduction. I don't think many people are going to be impressed with that sort of mathematics. This is the third massive budget by this PC government. And now I think the taxpayers of Saskatchewan have a little better idea of what is meant by this term "red Tories."

SOME HON. MEMBERS: Hear, hear!

HON. MR. BLAKENEY: — The Minister of Finance has very frequently been accused of being a red Tory and he has proved it tonight. Never have we seen more red ink from any Minister of Finance, and we now know that red Tories are red ink Tories.

SOME HON. MEMBERS: Hear, hear!

HON. MR. BLAKENEY: — He is throwing our province into a category along with the Ottawas and the Newfoundlands and the B.C.s and the Quebecs. Jurisdictions which year after year . . . in these jurisdictions, year after year, more and more of the tax dollars which are gathered in are used, not for services, but to pay old debts.

And tonight we are told that the deficit problem is coming to a solution, that he is lowering the deficit. I'd like to know how he figures that.

The deficit is now well over — it will be when this budget is implemented — well over \$800 million, the deficit of over 800 million. I wonder how much it costs to pay the interest on \$800 million. Do you know how much it costs? Do you know what the interest is on \$800 million? Well, right today, the Government of Canada is paying over 13 per cent for 10-year money. The bonds which it is selling today are over 13 per cent. Now, using that figure, the interest on \$800 million is over \$100 million a year — \$100 million a year. Now I can hardly understand what \$100 million a year is, so I'll call it \$275,000 a day, well over \$11,000 an hour. That's what we are paying in interest on the \$800 million deficit that the Minister of Finance is announcing.

That's right — \$11,000 an hour, for every hour, for every day, for 365 days — this year 366 days.

Members opposite may laugh about \$11,000 an hour being siphoned out of the pockets of our people and our economy, and into the pockets of the bankers and the bond dealers and their clients, who are providing this money for the red Tories to run deficits of over \$800 million. That \$11,000 an hour is, by and large, travelling out of our province — out of our province to Toronto, to New York. I say to you, Mr. Speaker, that \$11,000 an hour is a horrendous sum for all of us in Saskatchewan to be paying to finance the deficits rolled up by the member for Kindersley. It's not too different, Mr. Speaker, than if I took that letter opener and just cut my arm like that . . . (inaudible interjection) . . . and saw the blood pour out. That is what is happening to us.

It's all very well for you to laugh, but . . . (inaudible interjection) . . .

MR. SPEAKER: — Order, please. Order, please. Order. The Leader of the Opposition.

HON. MR. BLAKENEY: — I want to say to all hon. members who are laughing over there that a sum of \$11,000 an hour, running out of the pockets of Saskatchewan people to people in Boston and New York and Toronto, is something that people in Saskatchewan will not laugh about.

I ask any ordinary citizen whether he has a mortgage. Has he a mortgage on his house of \$40,000, perhaps? Does he owe \$3,000 on his car? If he could only get hold of that stream of money pouring out of this province for just four hours — four hours — he could pay off his \$40,000 mortgage, pay off the \$3,000 on his car, and have money to boot. And have money to boot.

But each hour that money pipeline spews out its cash to people outside Saskatchewan, our problems mount, and they mount, Mr. Speaker, for two reasons.

First, the millions that leave Saskatchewan every week are millions which are not able to serve the needs of the real taxpayers. And when we see the *Estimates*, when we see the 23 departments who have had their money cut back, we will know that there has been a sharp cutback in services. We already know that this is happening. Members are already noting that there's no ag rep where there used to be an ag rep. There's no public health nurse where there

used to be a public health nurse. But we are going to see much more of that when we have an opportunity to examine the *Estimates*. So that's certainly one reason.

The second reason is that this hemorrhage of money – and that's what it is, \$11,000 an hour – is contributing to undermining the economic recovery of our province and of our country.

It is fairly clear, Mr. Speaker, that this government is committed to huge deficits, and it is equally clear that big deficits mean rising interest rates. Big deficits mean rising interest rates. As sure as night follows day, budget deficits mean higher interest rates, and this is huge budget deficit number three for this government.

I can see a number of bankers and bond dealers and professors of economics who are our guests tonight. I would venture to guess that every one of them has said at least 50 times in the last few years, "Big government deficits push up interest rates." Nobody can deny that. I've got all manner of clippings from bankers, from people like Brian Mulroney and others, who say, "Yes, big budget deficits cause interest rates to rise." And I don't think anyone can deny that.

The PC government claims that Saskatchewan shouldn't worry about balancing its budget because other governments are having deficits, and what's the use of us trying to balance our budgets. I think that is counsel of despair. Until a couple of years ago, Saskatchewan used to be part of the solution, not part of the problem.

Canada has an acute problem of government deficits, and your government, sir, is adding to that problem, and that is one of the reasons why interest rates are rising and probably will continue to rise.

Mr. Speaker, there was one time that we, in Saskatchewan, could go to talk to other governments and say to them: "Let's get together, let's put our economy together, let's keep interest rates down, and let's do it by cutting down our deficits." In his speech, the minister said that he did this a few months ago, and nobody paid any attention to him. Small wonder. When he is rolling up massive deficits, it's pretty hard to be convincing about suggesting that governments ought to lower their deficits. Small wonder! That's one of the competitive edges that we have lost in Canada.

My final words on the deficit, Mr. Speaker, come from a well-known Canadian, a doctor of economics, who said not long ago: "Don't be fooled; deficits are just deferred taxes." Now that economist, Mr. Speaker, was one Grant Devine, before he was premier. He said that at a time when he was a little more straightforward in his public pronouncements.

Mr. Speaker, I said a moment ago that huge deficits leave less money to help the real taxpayers: the farmers, and the small business men, working men and women, the people who are looking for jobs.

First, let's talk about farmers. There's trouble on Saskatchewan farms, and there's no denying that. In spite of two consecutive near-record crops, farmers are being pushed to the wall in record numbers. Input costs are shooting up; prices and sales are not. The Crow rate is gone, thanks in no small measure to the tepid and timorous defence of the Crow rate put up by members opposite and by their colleagues in Ottawa. But the Crow rate is gone, and that's going to add 16 per cent to farmers' freight bills.

A year ago the PC government promised to back up Saskatchewan farmers with the provincial treasury. Yes, indeed, if those rates went up the provincial treasury was going to cut those rates back. And we saw a budget tonight which does not mention any assistance for farmers in moving their grains to market.

There are a number of items referred to in the budget for farmers. I tried to add them up and tried

to distribute them among the 67,000 farmers we had, and I got a figure of \$230 a farmer. That will provide enough to pay a farm fuel rebate of the level they have in Alberta, for 1,000 gallons of fuel. Big deal! One thousand gallons of fuel they are going to pay. They're not even going to do it as a farm fuel rebate. They're going to provide, by a large number of programs, an average of \$230 a farmer. And somehow I don't think that's what farmers in this province need in order to deal with their problems.

I want now to turn for a moment to small business. We believe that small business people offer the best opportunity of creating jobs and economic activity in this province.

SOME HON. MEMBERS: Hear, hear!

HON. MR. BLAKENEY: — Members opposite suggest, have we seen the light? The question I ask them is: have they seen any small business men lately? And have you found any who are making as much money as they were three or four years ago? Not many, not many. I invite members opposite who are so fond of saying that small business men didn't get a fair shake from the previous government, ask them what their balance sheet and their operating statement looked like in those years from the early '70s to the early '80s, and ask them what they look like now. And they will tell you it looked pretty good then, and it doesn't look as good now. Go ahead and ask them. I have done so, and that's the answer they give me.

Members opposite certainly have many, many goodies for big business. They always do.

This budget provides once again, so far as I can ascertain, royalty holidays and cuts of more than \$100 million a year for a select small group of oil companies. And if that isn't a significant cut, then I think a good number of other taxpayers in this province would be delighted to have a quarter of that, a half of it. And there's no question that the direction of this government is towards stimulating those same large companies who were invited into this province with such fanfare in the Open for Business Conference, and have been rewarded so handsomely with such significant tax breaks as \$100 million in oil royalty cuts. This \$100 million is stated proudly, on the grounds that it created 1,000 new jobs. And that is stated again.

In the same budget speech of a year ago (and I know we are going to hear much the same in this one), the small business employment program created 4,000 jobs at a cost of \$16 million.

They pride themselves on creating a thousand jobs in the oil industry, at \$100,000 a job, when they admit, themselves, that we could create other jobs at \$4,000 a job in the private business sector, in the small business sector. And that's what we should be doing.

Members opposite are fond of saying that jobs in the small business sector are not permanent, that they are not going to stay put, but the jobs in the oil industry are permanent, solid jobs. All I can say is that anyone who believes that the jobs in the drilling end of the oil industry are permanent, solid jobs for Saskatchewan people will believe anything. They must be firm believers in the Easter bunny, if they believe that the jobs that are being performed by the people who were staying in the motels at Kindersley, driving the Alberta cards with the Alberta plates, are permanent, solid jobs for Saskatchewan people.

We know, you know, they're not. We know, you know, that an expenditure of \$100 million to create those jobs is a waste of money, and half that much money would, invested in small business, create vastly more jobs.

Just before I close my remarks, Mr. Speaker, I want to make one or two other comments.

I'm just saying that the government is not proud of its financial records. I understand why. I wouldn't be proud of this record. I wouldn't be proud of a record of \$822 million deficits in three budgets. But I think they're going too far in trying to hide the financial facts about their

March 21, 1984

administration.

You know, last year they had a bigger budget than the year before, and I don't quarrel with that. We do, each year. But last year they provided the Provincial Auditor with fewer people to check a greater amount of spending. We all know that last year they cut five out of the Provincial Auditor's staff – from 72 to 67, so that there would be fewer people to check what this government is doing.

SOME HON. MEMBERS: Hear, hear!

HON. MR. BLAKENEY: — All right, all right. And we are now seeing one consequence of this, and I just wanted to mention it. Not only, Mr. Speaker, do we not know as much about the spending, but the financial records of this province are somewhere in the maze of bureaucracy, since they haven't yet surfaced . . . (inaudible interjection) . . . Well, something is wrong, because something isn't surfacing . . . (inaudible interjection) . . .

That's an interesting comment, Mr. Speaker. The leak stopped. And the leak I'm talking about is the *Public Accounts*, and they indeed have stopped. They indeed have stopped. In every year that I'm aware of in this province the *Public Accounts* came forward about nine months after the end of the fiscal year. So that the *Public Accounts* for the year ended March 31, 1979, were tabled on December 14, '79; and March 31, 1980, were tabled on December 12, 1980; March 31, 1981, on December 10, 1981. Last year they didn't show up in December, as they always did, but they were tabled about the middle of March. And this year they haven't surfaced yet. Mr. Speaker, the *Public Accounts* for year one of their administration, the year ended March 31, 1983, are nowhere to be found. We are now debating a budget for year three without any financial records for year one. And this will be the first time in the history of this province, so far as I am aware, that this circumstance has occurred.

Members opposite can say not true, and they can correct me, but I am unaware of any. I know it was the frequent practice to send them out around Christmas time, so the people could look at them, so people could know what the circumstances were when we debated the budget. The circumstance now is, that either because of the cut in the auditors' staff, or because of the cut in the public service, or because the government opposite regards *Public Accounts* as a leak for which the public has no right to look – either one of those, we haven't seen them. And I just say to you, Mr. Speaker, that we're entitled to better than that. We're entitled to have them available. We're entitled to have them so that we can see them, talk about them, and understand what the government spending pattern was in year one so that we can debate it effectively in year three.

Mr. Speaker, I'll have a good deal more to say later on in this debate and, accordingly, I beg leave to adjourn the debate.

Debate adjourned.

MOTIONS

Resumption of Budget Debate

HON. MR. ANDREW: — Yes, Mr. Speaker, I move, seconded by Mr. McLeod:

That the debate on the motion that this Assembly do now resolve itself into the committee of finance be resumed on Monday, March 26, 1984.

Motion agreed to.

Order of Business for the Legislative Assembly

HON. MR. ANDREW: — I move, seconded by the member from Meadow Lake, by leave of the Assembly:

That the order of business of this Assembly for Thursday, March 22, 1984, be that of Tuesday or private members' day, as outlined in Rule 8(3) of the *Rules and Procedures of the Legislative Assembly of Saskatchewan*.

Motion agreed to.

The Assembly adjourned at 8:19 p.m.