

EVENING SITTING  
GOVERNMENT ORDERS

TABLING OF ESTIMATES AND SUPPLEMENTARY  
ESTIMATES

**Hon. Mr. Lane:** — Mr. Speaker, I have a message from His Honour the Lieutenant Governor.

**Mr. Speaker:** — The message from His Honour the Lieutenant Governor:

The Lieutenant Governor transmits estimates of certain sums required for the service of the province for the 12 months ending March 31, 1987, and supplementary estimates of certain sums required for the service of the province ending March 31, 1986, and recommends the same to the Legislative Assembly. (Signed) F.W. Johnson

**Hon. Mr. Lane:** — Mr. Speaker, I moved, seconded by the member from Estevan:

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

Motion agreed to.

MOTION FOR COMMITTEE OF FINANCE  
(BUDGET DEBATE)

**Hon. Mr. Lane:** — I rise this evening, Mr. Speaker, to present the fifth budget of this Progressive Conservative administration.

This government is proud of accomplishments during the last four years, and later this evening I will be outlining several new, exciting initiatives which will create jobs by stimulating economic opportunity and initiatives which will increase security by strengthening our traditional institutions. This dual emphasis on protecting social well-being and encouraging economic opportunity and job creation has provided a consistent focus for our government. And this budget maintains that focus.

In April of 1982, the Progressive Conservative Party, under the leadership of Grant Devine, was swept into office to correct a host of serious problems which were facing the province.

Inflation and interest rates were at record levels. High interest rates were placing a heavy burden on farmers and small business, and people were losing their homes. In the previous administration, programs were ineffective.

Young farmers were unable to own the land they worked, and family farms could not be passed on from one generation to the next. The health of many of our rural communities was threatened.

Business was unwilling to invest in the province because

of government red tape and intervention, and there was an attitude that business could not be trusted. Jobs were being lost to other provinces.

The family of Crown corporations was wildly out of control. Hundreds of millions of dollars had been invested in the Crowns with losses or minimal returns. Moneys were used to buy up existing companies that did not create new industries or new jobs. For example, not one new potash mine was built by the previous administration, and not one pulp or paper plant was built by the previous administration.

SGI's auto fund was virtually bankrupt. The previous government had injected almost \$50 million into the auto fund in the three years prior to 1982. Six cents out of every gallon of gasoline sold in the province subsidized the fund. Insurance rate increases in both 1980 and 1981 were greater than 20 per cent.

SaskTel rates were increasing by 10 per cent in some years, and people couldn't even buy their own phones. Individual line service for residents of rural Saskatchewan was rejected out of hand as impossible.

Hospitals and universities were in disrepair. University buildings in Regina and Saskatoon were collapsing. Hospitals were on a 125-year replacement cycle. Saskatchewan was spending the least per student on elementary and secondary education of the four western provinces.

There was widespread waste in government and the financial position of the province was seriously misrepresented. When the books were opened we discovered that the bottom line had been overstated by more than \$250 million. But more importantly, the Heritage Fund was used for unproductive investments, and no moneys had been set aside for tougher times. And today, we are still paying for that lack of foresight.

How did we address these serious problems, problems which threatened to destroy the very fabric of our society, problems caused in large measures by a government that had lost touch with the values of the people of Saskatchewan?

We introduced mortgage interest reduction plan to protect ordinary people from losing their homes. We removed the provincial sales tax on children's clothing and power bills to ease the pressures of inflation on families. We removed the provincial sales tax on gasoline the day we were sworn in — a saving to the average Saskatchewan family of \$1,000 over the last four years — the single largest tax reduction in the history of Saskatchewan.

We replaced the land bank with the Saskatchewan farm purchase program to allow young farmers to purchase and own the land they work, and almost 5,000 farmers have participated in this program. We announced that we were open for business to encourage business to invest and create jobs here in Saskatchewan.

The Premier and other members of this government have

worked diligently to encourage investment and job creation in the province. We created the Department of Tourism and Small Business to deal with the special needs of small business, and we abolished more than 1,300 outdated or frustrating laws and regulations.

We restructured the Crown corporations and forced them to adopt more business-like management. Well-respected business leaders were appointed chairmen of the boards of directors, and the results have paid off. SGI had 3 per cent rate increase in 1983, no increase in 1984, and a rate reduction in 1985. The 6 cent a gallon surcharge imposed by the previous administration has been removed. SGI has been able to provide rebates to good drivers.

SaskTel rate increases have averaged less than 3 per cent since 1982. There were no rate increases in 1984 and in 1985, and there will be no rate increase in 1986.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — The Premier has announced that individual line service will soon be a reality to all the residents of rural Saskatchewan, and because of good management this will not require a general rate increase.

We dealt with the serious underfunding problems in health and education. We will have increased health spending by almost \$500 million or 70 per cent since we assumed office. And we have increased elementary and secondary school budgets by \$156 million or almost 52 per cent. Over the last four years, Mr. Speaker, Saskatchewan had the highest rate of increase in funding for post-secondary education in Canada.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — Last year our Partnership for Progress announced five-year funding commitments of an additional \$400 million for education and an additional \$300 million for health.

We improved management in government. Management pay increases are now based on performance. And with the help of all government employees we have achieved savings of more than \$300 million through more efficient management. And we have reduced the civil service by over 1,000 positions.

Because of good management, employment rose by 3 per cent in 1985. In the past year — February to February — 17,000 new jobs were created, of which the vast majority were full-time. Saskatchewan had the lowest annual average unemployment rate of any province in Canada in 1982, again in 1983, again in 1984, and the second lowest in 1985. Mr. Speaker, no province has done better.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — Inflation averaged 3.6 during 1985, the lowest rate in many years. And the province enjoyed a real growth rate of 4.3 per cent in 1985. This impressive performance, Mr. Speaker, was achieved in spite of low commodity prices, drought, flooding, grasshoppers, and early snow. But there was a cost.

The budget for 1985 anticipated a deficit of \$291 million. Depressed international prices for potash and lower than anticipated tax receipts will result in reduced revenues. However, these decreases will be partially offset by better than anticipated oil revenues.

Expenditures, on the other hand, will increase because of additional spending required to assist farmers.

In order to keep the deficit as low as possible, our government sharply curtailed discretionary expenditures during the last quarter of 1985. Controls were implemented to prevent the traditional pattern of increased spending at year end, and through such measures the government was able to save an additional \$25 million.

The combination of revenue decreases and our additional assistance to farmers will result in a 1985 deficit of 595 million.

The alternative to a deficit budget was to severely reduce essential services to the public and refuse to provide emergency aid for farmers. This alternative was clearly not acceptable and this alternative would have resulted in severe hardship for those residents of our province least able to protect themselves. Mr. Speaker, we were not prepared to fight the deficit on the back of seniors, farmers, and the small-business men of Saskatchewan.

Mr. Speaker, Saskatchewan has always had a fluctuating economy. The rise and fall of resource prices and the rise and fall of prices for our agricultural commodities lead to similar increases and decreases in government revenues. Saskatchewan has always had these ups and downs.

But a responsible government puts money aside during the good times so that there are funds available in the tougher times. But rather than put money aside, the previous government chose to invest in the family of Crown corporations. If the previous government had of put that money in the bank, the investment today would be worth about \$2,300 million. That's more than the accumulated deficit.

If the previous administration had simply taken out guaranteed income certificates, say, from the Sherwood Credit Union or the Saskatoon Credit Union, 1981, five-year GIC, the moneys today would be worth over \$2,500 million — again much more than the accumulated deficit and would have left the province with a substantial surplus.

If they had even put the moneys in investments similar to those that the ordinary Canadians could put into the Toronto Stock Exchange and got the same rate of return, the average on the Toronto Stock Exchange, they would have funds today of over \$2,650 billion, more than enough money, Mr. Speaker, so the province would not have a deficit today — and in fact the province would have had a substantial surplus.

I suggest, Mr. Speaker, that even those of the opposition who believe in full government ownership of our resources will have to admit that money should have

been set aside for at least two or three difficult years. But that was not what happened, Mr. Speaker.

(1915)

In 1982, we said there is so much more we can be. Today Saskatchewan is a world leader in our most important industry, agriculture. We are a world renowned producer of hard red spring wheat and this province is generally recognized as a pioneer in the research and development of canola as a marketable crop. Saskatchewan was instrumental in obtaining the registration of HY320, a new variety of high-yield wheat that has potential to increase sales abroad. The province's purebred cattle are on a par with anything the world has to offer and are now being sold in the world markets. Aided by a new processing plant in La Ronge, Saskatchewan has led all provinces in wild rice production over the last few years.

The province has taken a lead in developing a national agricultural strategy. Through the efforts of the Premier, agriculture has been placed on the national political agenda for the first time.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — Saskatchewan is a leader, both nationally and internationally, in the development and application of advanced technology. Sales are now \$400 million annually compared to only \$80 million in 1982, and Saskatchewan expertise is helping install fibre optics in other provinces, the United States, and the Caribbean.

Saskatchewan engineers are now actively promoting rural electrification in India and Saskatchewan farmers are advising the Chinese on dry-land farming operations. Saskatchewan is now known around the world as a source of technical expertise. Saskatchewan companies are selling data switching technology to the U. S. space program and to the United States senate itself; satellite communication technology to Brazil; computer health care systems to the United States and to the Middle East; justice information systems to the Los Angeles police department; workers' compensation systems to North Dakota; and telephone equipment to China.

Superior farm implements have been developed in Saskatchewan and are now being manufactured here. The are sold to the United States, Australia, France, Saudi Arabia, Russia, and many other countries. The trade offices which we have established around the world are assisting Saskatchewan companies to expand into new markets.

I'm pleased to announce that this budget contains funding for a new trade office in Minneapolis, and we are studying the feasibility of a Saskatchewan trade office in the city of New York.

Saskatchewan people have risen to positions of prominence in all fields of endeavour, including business, entertainment, the arts, and sports. And this government has recognized their accomplishments through the Saskatchewan Order of Merit. Their success is a confirmation to everyone in Saskatchewan, that just as individuals have had great success, so can our

province.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — But Saskatchewan must sell its story, its products, and its people to the world. This government and the people of the province have taken the first steps to put Saskatchewan on the world stage. We must look beyond our borders because it means opportunities and jobs here in Saskatchewan.

Economic growth is responsible for our quality of life. The jobs and prosperity generated from economic activity support the social institutions necessary for a progressive and a caring society. During the late 1960s and early 1970s, the world economy was healthy, so governments devoted their energies to the distribution of unprecedented levels of income. But times have changed. The economic downturn in the early 1980s meant that the growth in government revenues has declined. This fundamental change in the economic environment has increased the need for governments to have solid plans for economic development and job creation if they are to preserve the social institutions and programs which provide for security for families and for individuals.

In developing such a plan for Saskatchewan, we had to be realistic. The plan had to be able to deal with the peaks and valleys of world and national economies. The plan had to prepare Saskatchewan to stand on its own, ready to face the world.

And the plan that we have employed so successfully has three components. Firstly, the creation of a positive climate for economic development. Secondly, those sectors of the economy where we have natural strengths must be developed. And thirdly, the encouragement of public participation. It's a common-sense plan, a plan that we have followed consistently and a plan that provided the framework for the economic development initiatives that I will announce later this evening, and I would like to review the progress we have made in implementing this plan.

Creating a positive climate for economic development meant that the image of Saskatchewan had to be changed. We gave a clear message that the government was again willing to work with business after many years of anti-business rhetoric. The open-for-business theme was a visible demonstration of our commitment to encourage Saskatchewan companies to expand into the national and international market-place, to provide services to business to help them to succeed, to maintain the competitiveness of our agricultural energy in small-business sectors, and to improve the investment climate.

Business is like everyone else, it doesn't go where it's not wanted, and open for business is clearly working. In a difficult time for agriculture, a total of 17,000 new jobs were created last year, proof of the increasing diversification of our province.

This government has played a major role in developing new foreign markets by providing financial assistance,

market research, and export counselling to Saskatchewan companies. Since 1982 the Aid To Trade program has resulted in the creation of almost 400 new jobs in the province, and several trade offices have been established including those in Hong Kong and Vienna. And our pavilion at Expo '86 will show-case Saskatchewan to the entire world. Mr. Speaker, this government is not afraid to look out towards the world.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — Scientific and technical programs have been put in place to foster co-operation between industry, the universities, and government. The Advanced Technology Training Centre in Saskatoon was created to respond to the need for skilled manpower in the high technology sector. Between 1982 and 1985 the number of advanced technology firms has increased from 40 firms to almost 140 firms, employing nearly 2,900 people.

Interest rates on loans to small business were reduced to nine and five-eighths per cent to make the climate for small business more secure. Over 5,200 businesses are participating in this program, introduced only last May. The program has helped maintain nearly 23,000 existing jobs.

Changes to the oil royalty tax structure resurrected a dying industry and quickly created over 4,900 person-years of employment. Various initiatives to foster gas drilling, including a natural gas self-sufficiency program, spurred record levels of activity. A tax holiday was provided to Saskatchewan small business engaged in manufacturing and processing. In addition, a sales tax on research and development prototypes was eliminated.

The investment climate had to be changed as well to encourage Saskatchewan savings to remain in the province and to create jobs for Saskatchewan people. Opportunities to invest in Crown corporations, the venture capital program, and livestock investment tax credit provide major opportunities for the people of Saskatchewan to invest in their own province. And these programs are providing a strong signal that the investment climate has changed in Saskatchewan.

We recognized as well that it is important to build on our natural strengths. Agriculture has been and will continue to be the mainstay of the provincial economy. In order to build on our strength in agriculture, we've provided incentives to encourage hog production. If the hog producers of the province are prepared to take up the challenge before them, the expansion of Intercontinental Packers and Gainers has the potential to create up to 4,000 additional jobs. A five-year, \$200 million agricultural development fund was introduced last year to finance major programs in research and productivity improvement, a major commitment to the future of agriculture in this province.

Government loan guarantees have meant that the construction of the NewGrade upgrader will proceed as planned, and this project will result in 2,800 construction jobs and will allow Saskatchewan oil to be refined here in Saskatchewan.

**Some Hon. Members:** Hear, hear!

Mr. Speaker: — Order, please. I would just caution the members in the galleries that they are not allowed to participate in what's happening here. It's only elected members that are allowed to participate.

**Hon. Mr. Lane:** — We remain, Mr. Speaker, fully committed to the Lloydminster upgrader. Our government believes that this project is vital to the future of Saskatchewan. We cannot be short-sighted. We will continue to work vigorously to ensure that that project proceeds.

And we are building on the other resource strengths of Saskatchewan. The Rafferty and Alameda dams and the Shand power project will provide electric power, a recreational lake, and water for irrigation. These projects will create 7,000 person-years of construction employment and 280 permanent jobs.

International co-operation has resulted in a significant financial contribution to this project by the people of the United States. This government is also actively pursuing major developments in further processing of our natural gas resources.

And yesterday this government announced an exciting new initiative in further processing of our forestry resources in Saskatchewan. The sale of money-losing P.A. Pulp Company and the commitment to a new paper mill will result in 215 permanent jobs in northern Saskatchewan, 500 construction jobs, and new opportunities for Saskatchewan young people.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — In order to prepare our young people for the opportunities that economic development will create, we instituted a major expansion of our technical training service. The number of training spaces available to our young people has been increased by more than 45 per cent since 1982. In addition, funding for approximately 5,500 new placements was added to our community college system.

Long-term funding commitments were made to our elementary and secondary system and to our universities. Four hundred additional million dollars will be spent from 1985 to 1990 to ensure that our young people are prepared for the 1990s.

Traditionally, the investment benefits of Saskatchewan savings have not remained in the province; instead they've been siphoned off to New York and Toronto by the banks and trust companies. Even our own Saskatchewan pension plans were not investing in the province. A major challenge for our government was to devise ways and new vehicles to encourage the investment in Saskatchewan savings here in Saskatchewan.

The programs that were developed have been greeted with enthusiasm. For example, the venture capital program was created to allow individuals to invest in the

province's manufacturing, processing, tourism, and research and development industries. And to date, more than 50 firms have taken advantage of this program. And this has resulted in \$32 million of additional investment by Saskatchewan people.

(1930)

The livestock investment tax credit was developed to provide both farm and non-farm investors with the opportunity to invest in finishing livestock. And to date, almost 5,000 individuals have made use of this program.

The previous administration prevented the people of Saskatchewan from investing in their own Crown corporations. And I am pleased that nearly 30,000 Saskatchewan people have participated in the economic development of this province through the purchase of Sask Power and Saskoil securities.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — Together these opportunities have raised \$275 million for Saskatchewan Crown corporations. And by the end of June of 1986 our Crown corporations will have made almost \$25 million in interest payments to Saskatchewan people. That's money, Mr. Speaker, going to Main Street, Saskatchewan — not Bay Street, Toronto, and not Wall Street, New York.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — This government welcomes the increasing participation of women in the business community in Saskatchewan. In 1985, Saskatchewan held two women-in-business conferences which were attended by over 500 women. Our government is confident that this province will soon see its first women's venture capital corporation, and this government is looking to women for business leadership in Saskatchewan.

The community economic development program provides assistance to communities to encourage new economic development opportunities. It is an example of yet another kind of participation that we have encouraged: local people participating in planning their own economic futures. And to date some 53 communities have participated in this program.

In the past, native peoples have not been given the opportunity to fully participate in the province's economic development. Opportunities are now provided through the Indian economic development fund, and over 80 initiatives are either ongoing or on the drawing-boards. And I am pleased that this budget increases that fund by an additional \$1 million for 1986.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — This government has recently settled land claims with the Fond-du-Lac Indian Band and approved a settlement with the Lucky Man Band. These settlements will provide the opportunity for these two bands to achieve economic self-sufficiency.

Mr. Speaker, Saskatchewan embarked on a new direction for economic policy in 1982, a policy that is clearly delivering results. Between 1982 and 1985, the number of small businesses in Saskatchewan increased by nearly 4,000 businesses. As I said, nearly a total of 17,000 new jobs created last year, and since 1981 the labour force has increased from 446,000 to nearly 500,000.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — Later this evening I will be outlining several new initiatives which are consistent with our plan to create economic opportunities and jobs for the people of Saskatchewan.

It's nice to be able to drink the Regina water, thanks to the leadership of this government, Mr. Speaker.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — This government is committed to encouraging opportunity and protecting people. I have just outlined the economic development plan that we have been following since we took office — a plan that is working in spite of difficult economic conditions, a plan that is creating opportunities and jobs for the people of this province.

This government also recognizes that it must provide our citizens with protection against sickness, natural disasters, unemployment, and hardship, and that it must protect and enhance our quality of life. And I would like to describe some of those security initiatives.

This government repeatedly demonstrated its resolve to protect the family farm. The Farm Land Security Act provides relief for farmers facing foreclosure actions. The 1985 crop drought assistance program made \$68 million in drought assistance available to 13,000 farmers, and this is in addition to the \$374 million already provided under the regular crop insurance program.

The livestock drought assistance gave 16,000 farmers \$29 million in 1984, and \$30 million to 13,000 in 1985. The production loan program has provided more than \$920 million at 6 per cent interest to more than 46,000 Saskatchewan farmers, and this is a first in Canada.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — The oil royalty refund program will return over \$42 million to Saskatchewan farmers in 1986. This government has not and will not turn its back on the family farm, Mr. Speaker.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — Funding for the Department of Agriculture will more than double in 1986 — an increase of over \$118 million, the largest increase in expenditures on agriculture in the history of the province of Saskatchewan, Mr. Speaker.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — And this government has been strong in its resolve to protect and enhance the quality of rural life in rural Saskatchewan. We believe that one of the best ways to encourage people to remain in rural Saskatchewan is to provide them with the same amenities that urban residents enjoy.

Sask Power's natural gas distribution and rural underground distribution programs, and SaskTel's rural individual line service are examples of this government's commitment.

But we've also recognized the need to provide rural residents with a broader choice of television service, and regulations were changed to allow municipalities to own and operate local cable TV and rebroadcasting systems. White City and Regina Beach have already been licensed under this initiative, and over 40 other Saskatchewan communities have expressed serious interest. And other provinces are now following Saskatchewan's lead.

In addition to enhancing the quality of rural life, these initiatives will create more than 1,000 jobs in 1986. They've also resulted in a new manufacturing plant for Phillips Cable in Moose Jaw; an expansion of Canada Wire and Cable in Weyburn; and an increase in the number of employees at Northern Telecom in Regina.

Mr. Speaker, this government believes that no institution, however, is more important than the family. And we are committed to protecting our families from economic hardship. Our government is proud to have put in place a program which protects single parent families. Through an automated system to enforce the payment of maintenance orders, we're ensuring that single parents will collect the maintenance that is their rightful due.

And the government has taken initiatives to prevent family violence, including the prosecution of wife batterers.

This government also recognizes that it must improve the quality, availability, and affordability of child care in the province. And this budget provides more than \$13 million for day care in the province, an increase of over 9 per cent, Mr. Speaker. And this budget includes, for the first time in Saskatchewan, provisions for direct operating grants to day care centres.

The hard work and determination of our senior citizens built this province, and this government will not see them in need. In our budget two years ago, we increased the monthly senior citizen supplement by \$25 for singles and \$30 for couples. And this year the senior citizens' heritage program will put almost \$40 million into the hands of our senior citizens, helping them to lead independent lives.

We are continuing to provide funding for the five-year \$25 million senior citizens' home repair program. And I am pleased to announce that this budget will increase the seniors' non-profit housing program by some \$4.5 million.

Our government ended the moratorium on nursing home construction imposed by the previous government. We have also contributed towards the construction of over

2,000 senior citizens' housing units during the past four years. For 1986 an additional 540 senior citizen housing units will be supported by this government.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — Our government's determination to protect families and individuals from economic hardship has been demonstrated again and again. We protected families from the high cost of living. We protected 44,000 Saskatchewan families from high mortgage interest rates. We eliminated the provincial sales tax on gasoline, saving the average Saskatchewan family more than \$1,000 over the past four years. We eliminated the sales tax on children's clothing and footwear.

We undertook those initiatives because we recognize that the costs of raising families are increasing. And this government also recognizes that middle-income families are coming under increasing economic pressure. And I'm pleased that our government has decided to expand on these initiatives to help families.

Effective midnight tonight, all clothing, footwear and yard goods valued at less than \$300 will be exempted from the sales tax.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — And this measure will provide an additional \$23 million in tax savings to Saskatchewan residents in 1986 alone. We're proud, Mr. Speaker, that virtually all essential goods are now sales tax free in the province of Saskatchewan.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — Less than half of all Canadians are covered by a private pension plan. Today many Saskatchewan people do not have the opportunity to save for a secure and worry-free retirement. Low- and middle-income earners who are self-employed, or who work for small businesses are particularly under-represented in private pension plans.

Part-time workers and home-makers also have less opportunity to put money aside for their retirement than other members of society. And this government is committed to ending these inequities in Saskatchewan. We are making a major commitment to improving the opportunity for Saskatchewan people to save for their retirement.

As announced in the throne speech, this government will be introducing the Saskatchewan pension plan. This voluntary plan, which is not designed to compete with private pension plans, will help small business to establish pension plans for their part-time and full-time employees; to assist self-employed people to establish savings plans for their retirement.

Our government has demonstrated its commitment to the Saskatchewan family. However, Saskatchewan home-makers who have chosen to raise families, or who interrupt their work to have children, intending to return to the workplace, have very few opportunities to save for

their retirement. And this government is committed to removing this unfairness.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — This government is committed to protecting home-makers who are the heart and soul of our families, and this government will be including home-makers in the Saskatchewan pension plan. We are moving forward to provide a safe and secure future for Saskatchewan home-makers and we will be encouraging the federal government and other provinces to follow our lead and develop a national home-makers' pension plan based on the Saskatchewan model. Five million dollars has been budgeted for 1986 to start the Saskatchewan pension plan.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — Mr. Speaker, this administration is proud of its achievements in providing quality health care to the people of Saskatchewan. We have been committed to and are committed to protecting and enhancing the health care system. We forecast an average health expenditure in 1986 of \$1,200 for every man, woman, and child in this province. In total, the health care budget of \$1.2 billion amounts to nearly one-third of the total provincial budget.

In 1976 the previous government placed a moratorium on the construction of nursing home beds. We launched a five-year \$25 million program to build 1,000 new nursing home beds and to replace another 600 that had fallen into disrepair. I'm proud to say tonight that we are extending this program to an additional sixth year, Mr. Speaker.

(1945)

In 1985, Partnership for Progress announced a five-year commitment of \$300 million towards new health care facilities. This year's expenditure for health care facility construction will exceed \$75 million, the largest amount in the history of the province of Saskatchewan.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — Mr. Speaker, that is more than double the best year by any other government in the history of Saskatchewan.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — Provision has been made for almost \$70 million to be spent on hospitals, including those in Saskatoon and Regina, and the new cancer clinic in Saskatoon. Special care facilities will be allocated over \$5 million. The Minister of Health and this government have expressed their concern about the length of waiting list for elective surgery. This problem is most severe in Saskatoon in large part because of the demand for Saskatoon services by other Saskatchewan residents. In order to address this problem, we will be establishing a second day surgery unit at Saskatoon City Hospital, expanding in-patient surgical capacity at St. Paul's and University Hospitals in the city of Saskatoon.

We recognize that quality health care is more than just buildings and beds. In 1976, the former government reduced hospital staffing by over 300 positions. This administration has added over 700 positions in the last four years. The Minister of Health has recently announced the creation of a five-year \$100 million patient care fund. The fund will provide new equipment, increased patient care, and reduce waiting lists. Nearly 700 new health care positions will be provided to hospitals and nursing homes in 1986.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — The first stage of that program, approximately 300 of these new positions will be nursing positions. This government has increased the number of health care positions every year since 1982, Mr. Speaker. In total, expenditures for the health care system will increase by \$126 million during 1986, the largest single-year increase in health care expenditures in the history of the province of Saskatchewan.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — I'm not sure I need to remind hon. members that Regina and Moose Jaw waited 11 years for good water. Mr. Speaker, this problem was solved by this government in three years, Mr. Speaker, and I hope that the hon. members enjoy it because it may be their last time in Regina.

This government has recognized the importance of protecting our primary and secondary education systems, and for this reason we have increased funding by almost 52 per cent or \$156 million since 1982. For 1986, funding for elementary and secondary education will have increased by approximately \$41 million or 10.2 per cent, and this includes a 5 per cent increase to the operating grant which will maintain the province's share of education costs.

In addition, 45 new capital projects will be funded, including five new community schools — public schools for Moose Jaw, Prince Albert, and Saskatoon, and new public and separate schools for Regina. Total 1986 expenditures from the five-year education development fund will be \$60 million, an increase of \$25 million. These funds will be available to school divisions for such initiatives as computer equipment, libraries, and other program improvement.

In last year's budget, Partnership for Progress also established a five-year \$125 million renewal and development fund to provide the universities with a stable and predictable base level of capital funding. This has now made Saskatchewan universities the envy of others throughout Canada. The fund is also used to enhance research capabilities and repair or replace collapsing buildings. The 1986 portion of this fund will be \$18 million, another example of this government keeping its promises. And I am pleased to announce tonight that the operating grants to the universities will increase by 3.2 per cent to almost 144 millions of dollars.

The Minister of Advanced Education and Manpower will be announcing the details of changes to our student

assistance program, changes which will remove unfair restrictions, increase loan limits, and reduce the interest rate on student loans to 6 per cent.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — In addition to providing opportunities for our young people to participate in economic growth, the linking of skills training to the market-place creates a positive climate for business by providing a highly skilled and motivated work-force.

In 1982 over 50 per cent of the applicants to the technical institutes were turned away because there were not enough training spaces. We embarked on a four-year program at a cost of \$52 million to rectify this situation. This year's budget also provides \$9 million for the Northern Institute of Technology in Prince Albert to provide over 700 training spaces for our young people.

This government is optimistic about the future of our province and our optimism is exemplified by our commitment to the educational systems of this province; education to equip our young people to participate in our economic prosperity.

This government also recognizes that municipalities depend to a large extent on the provincial government for financial support. It would have been easy for the government to pass on the economic burdens to the municipalities as previous governments and other provinces have done. We have chosen not to follow that course. In 1986 we will be providing more than \$70 million to urban municipalities in unconditional operating grants, and over \$17 million in unconditional capital grants. Rural municipalities will receive more than \$48 million in operating and capital grants.

Mr. Speaker, our economic development plan is encouraging economic opportunity in order to create permanent and productive jobs. In a few moments I will be describing some exciting new initiatives, initiatives which will encourage further economic opportunity and job creation. Initiatives which are part of our plan to create the climate, build on our strengths, and encourage public participation.

Mr. Speaker, this government is committed, as I've said, to protecting the family farm, and more than 46,000 grain farmers have benefited from the production loan program. I suggest that if the previous government had given interest rate protection to farmers when interest rates were greater than 20 per cent, most farmers would not be in difficulty today, Mr. Speaker.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — And only this government is determined to create opportunities that will ensure the future prosperity of our agricultural industry. The oil royalty refund program will return over \$42 million to Saskatchewan farmers this year. The five-year agricultural development fund is supporting initiatives in irrigation, research and development, and marketing research, and this government will provide \$25 million to the agricultural development fund this year.

The Premier recently announced that we will be building the long needed college of agriculture building in Saskatoon at a cost of \$78 million.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — The new building will ensure that the college maintains its place as a world leader in agricultural research and education and will provide our agricultural industry with the new opportunities to retain its competitive edge in the international market-place.

The livestock investment tax credit program announced in 1984 is an innovative way to invest Saskatchewan savings in Saskatchewan, and it will be extended an additional three years, Mr. Speaker.

Hog production must be increased by 200,000 per year in each of the next five years in order to realize the full potential of the opportunities in this industry. And this government has developed a comprehensive program to provide working capital, encourage construction of new or expanded facilities, and to attract equity investment. First, the Premier announced the cash advance program to provide working capital. Secondly, the eligibility criteria for the agricultural credit corporation loans were expanded and the interest rate fixed at 8 per cent.

Thirdly, tonight this government is announcing a livestock facilities tax credit equal to 15 per cent of the capital cost of eligible livestock facilities. The tax credit will apply to the construction of all new facilities or the major expansion of existing facilities begun after January 1, 1986, where the principal use is raising livestock. Mr. Speaker, the rest is up to the hog producers of the province of Saskatchewan.

We all know that agriculture is facing difficult times, and we have acted forcefully to protect the family farm. We recognized, however, that we had to act today to lay the foundations for prosperity tomorrow. And our initiatives to encourage economic opportunity by building on our strength in agriculture will achieve that goal.

In recent years the small-business sector has been responsible for the creation of the majority of new jobs in Saskatchewan. Small business must be given the opportunity to further expand and to create more new jobs. In order to improve the climate for the formation of new small businesses, this government will introduce a two-year corporate tax holiday for new small businesses incorporated after midnight tonight.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — The holiday applies to most new small businesses, but there are some minor exceptions, for example, professional corporations. This will improve the financial stability and cash-flow positions of new business ventures. It's a major signal, Mr. Speaker, that we are counting on small business to create the opportunities and to create the jobs. When we created a favourable tax climate in the oil industry, it flourished. And this government is confident that the same thing will happen in the small-business sector.



A stable interest rate climate is essential to encouraging the expansion of existing small businesses. I am pleased to announce that effective midnight tonight, we'll be making a major improvement to our small-business interest reduction program. The interest rate will be reduced to 8 per cent and the maximum loan limit increased to \$100,000. The program will be expanded to include implement and automobile dealers. In addition, the small-business corporate tax holiday on manufacturing and processing income will be continued.

Saskatchewan business people have been telling us of their concerns about the unfair burden imposed by the business tax, of which one-third of the provincial total is collected by the city of Regina. Our success with the oil industry should provide a useful example to communities. When we lowered taxes, the industry grew, jobs were created, and our revenues increased. If communities were to lower their taxes for business, their tax base would expand and residential taxes would be reduced. I'm pleased to note that the town of Lafleche is the first that has removed the business tax and other communities are aggressively studying the issue.

Mr. Speaker, I am announcing tonight the creation of a stock savings plan to encourage equity investment by Saskatchewan people. The plan is part of our continuing emphasis to encourage public participation in the Saskatchewan economy. The plan will improve the availability of capital to Saskatchewan businesses and will be used by Saskatchewan public companies to finance future expansions.

The industrial incentive program provided one-time payments of \$7,500 for each new permanent job created by manufacturing and processing firms. This program has encouraged more than 300 companies to expand and create more than 3,500 new permanent jobs.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — And the industrial incentive program will be extended.

The venture capital corporation program was introduced in 1984 to encourage investment in small business and I am pleased to announce the further expansion of this program to include agricultural firms.

In addition, the provision which limited certain types of investment to communities of 5,000 or less, has been revised upwards to communities of 20,000 or less. Mr. Speaker, we can now expect to see new venture capital corporations in Weyburn and Melfort, Yorkton, North Battleford and Humboldt, and many other communities in Saskatchewan.

This government has announced its commitment to involving organized labour in the creation and maintenance of jobs through new labour venture capital corporations. These corporations will give organized labour the opportunity to create jobs in Saskatchewan by channelling their investments in small and medium-sized businesses.

**Some Hon. Members:** Hear, hear!

(2000)

**Hon. Mr. Lane:** — The individual union member will receive a provincial tax credit equal to 20 per cent of the cost of the investment. When combined with the matching federal tax credit, a 40 per cent tax benefit will be available.

If organized labour takes up the challenge, there is the potential to create 1,000 new jobs in the province of Saskatchewan, and union members and their families will have a real opportunity to both create jobs in Saskatchewan and to save taxes.

This government will also introduce a Saskatchewan agricultural and commercial equity corporation to provide Saskatchewan residents with a unique opportunity to make diversified investments in their province. The corporation will make investments in various sectors of the Saskatchewan economy and will be able to participate on a joint venture basis in major capital projects. The corporation will provide a major stimulus to economic development. It will establish a highly visible centre of corporate management expertise in Saskatchewan, and significantly enhance Saskatchewan's image in the Canadian business sector, as the Alberta energy corporation did for the province of Alberta.

We will be providing financial assistance to municipalities to establish community development corporations, implementing a major recommendation of the rural development task force.

And the Minister of Tourism and Small Business will be announcing the details of an entrepreneur training program. This program will provide individuals with the necessary skills to create and start their own small businesses. We are providing every opportunity for people in Saskatchewan to own and operate their small business. And, Mr. Speaker, there will never be a better time for Saskatchewan people to own their own small businesses.

**Some Hon. Members;** Hear, hear!

**Hon. Mr. Lane:** — The long-term benefits of these programs will be substantial. In keeping with our promise, 60,000 more people will be working this summer than when we took office.

This administration believes that banks and the large corporations should do their part in establishing and promoting small business in Saskatchewan. Two new taxes, applying only to large corporations and banks, will finance the new small-business initiatives.

Our plan for economic development is working. In the past year alone we created 17,000 new jobs under difficult economic conditions. We also recognized that temporary employment, on-the-job training programs, and government capital spending are a necessary component of our efforts to provide economic opportunities. Need I say more?

It is for this reason that Partnership for Progress introduced a five-year \$600 million employment development program. We will be providing approximately \$125 million through the fund for job creation and training programs in 1986. This activity, when combined with our capital spending, will create in excess of 20,000 jobs in Saskatchewan next year.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — Direct employment and job training programs will be available to all employers to alleviate seasonal fluctuations and unemployment for the general labour force and for students through short-term study subsidy programs, and to reduce high unemployment rates for disadvantaged workers through targeted employment subsidies and training.

Mr. Speaker, when we came to office we found a welfare system that encouraged 16- and 17-year-olds to leave home, to leave school, to collect welfare; a system that encouraged abuse but gave no hope. And these are the reasons why we instituted our program of welfare reform. Although the purpose of this program was to restore to welfare recipients those basic Saskatchewan values of hard work and individual initiative, it has met with a good deal of opposition. But this government persevered. Saskatchewan was the first province to provide welfare recipients with meaningful training and employment opportunities. Other provinces are now following our lead.

In 1985, 1,700 jobs were created for former welfare recipients, and 2,000 assistance clients were registered in training. And largely as a result of these programs, I'm happy to report that last year's social assistance costs were \$24 million less than they would have been under the previous government's administration.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — We have not been satisfied with the improvements, Mr. Speaker. We are convinced that more can be done, and this government will stay the course on welfare reform.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — During 1986 we will establish a comprehensive employment opportunity strategy for employable social assistance recipients. This new program will ensure that welfare recipients do not merely receive a cheque from government but also have the opportunities to learn job skills, job responsibilities, and perform public service. Those with special needs, such as single parents and youth, will be given the opportunity to participate in programs to improve their employment prospects.

This government wants to give welfare clients more than a subsistence living. We want to give them hope and a determination to succeed on their own. We want to break the welfare cycle, Mr. Speaker.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — Mr. Speaker, this government recognizes that the housing industry is a major creator of employment in the province. I'm announcing tonight an additional housing initiative, a first-time, new home buyers program. First-time home buyers purchasing a new home between now and the end of 1986 will be eligible for a \$3,000 grant.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — The grant is effective immediately and applied to the current inventory of unsold new homes. This program will make housing more affordable for those families interested in purchasing their first new home. At the same time it will create opportunities in the housing industry by stimulating an additional 7,000 new starts and creating almost 1,800 new jobs, Mr. Speaker. Mr. Speaker, this is not a realistic proposal that is seven years too late.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — Mr. Speaker, the creation of economic opportunities in the resource sector has been challenging for this government — challenging because of the legacy of the previous administration, a legacy of government intervention and the complete alienation of the private sector.

Our actions were straightforward. We created a new climate. We worked with the industry and private investors, not against them. In four short years we've achieved remarkable successes — successes which have helped diversify our economy, successes which cushion the effects of the drought on many communities in Saskatchewan.

In 1982 the oil industry was in a shambles. Oil-servicing companies were receiving government subsidies to pay employees not to work. By the end of 1985 we had created 4,900 person-years of employment and over \$1 billion of investment. In 1981, 807 wells were drilled; in 1985, 3,848 wells were drilled.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — We provided the climate, and the industry responded to the challenge. But recently the actions of OPEC have caused a sharp drop in world oil prices. We believe that the price drop is a relatively short-term phenomenon, and that by the end of 1986 prices will have recovered to reasonable levels.

The potash industry is also troubled by weak international prices, which reflect world over-supply. The legacy of the previous government in the potash industry is particularly unfortunate. Potash companies whose mines were bought out by the previous government used that cash to build new mines. Excessive taxation in Saskatchewan meant that mines were being built in New Brunswick, and in other countries.

In 1981 and 1980 when demand for potash was high and supplies were limited, the pricing policies of the previous government alienated many international customers.

Countries don't like to be gouged either. Had the former government remained in power, they would have implemented policies to have Saskatchewan mines fighting against other Saskatchewan mines in offshore markets.

This government has implemented solid long-term potash policies which will provide a solid foundation for a thriving industry into the 1990s. We're pursuing a moderate price strategy to keep competitors out of the market-place.

Market development and initiatives in offshore countries such as China are beginning to pay dividends. Advertising campaigns promoting Saskatchewan potash are now a daily occurrence in China. And through these initiatives we expect to see strengthening in both prices and volumes in 1986.

Natural gas remains a bright spot in the resource sector. The previous government was content to buy natural gas from Alberta at the expense of jobs for Saskatchewan people. Only nine natural gas wells were drilled in 1982. But last year the Premier announced a new Saskatchewan self-sufficiency policy to increase Saskatchewan's natural gas revenues, and to create Saskatchewan jobs. Last year not nine wells were drilled, but 437 wells were drilled in Saskatchewan.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — In addition, the increased exploration activity has resulted in an increase in our estimate of natural gas reserves. The province is now well on its way to natural gas self-sufficiency, Mr. Speaker.

Uranium prices are beginning to strengthen as international inventories are depleted. With Saskatchewan's competitive production position, the future of this industry in the province is encouraging.

Through much of the first half of this decade, markets for our forest products have been depressed due to a combination of declining housing starts and weak demand for Canadian kraft pulp and paper products. This government modified existing policies to keep Saskatchewan forest industries viable in anticipation of better international conditions.

And conditions are now improving for our forest industry. Increases in the value of foreign currencies against the Canadian dollar, coupled with a recovery in housing starts, will lead to increased forest product demand.

Tax incentives and targeted government geological surveys have increased exploratory activity in northern Saskatchewan. In the past four years alone gold exploration has tripled, and we fully expect a new gold mine to be in operation north of La Ronge in 1987.

Our initiatives in the natural resource sector have diversified Saskatchewan's economy during the last four years.

As we look to the future, we recognize that there will be peaks and valleys in our natural resource industries. In

contrast to the previous government, our initiatives will ensure that the people of Saskatchewan receive the maximum economic benefits from the rich natural resource heritage.

I would now like to turn to the government's financial management plan for 1986-87. For 1986, forecasts indicate that Saskatchewan will have one of the highest growth rates in the country, and inflation will approximate 1985 levels. Saskatchewan has been the leader in job creation, and that trend will continue.

With a good crop in the coming year, we can expect agriculture revenues to increase. International economic conditions indicate that oil and potash will strengthen from existing levels, but lower than we anticipated at this time last year. Provincial oil revenues are expected to fall by \$144 million in 1986 from the 1985 budget estimates. At the same time, potash revenues will decline by \$21 million and these decreases are a direct result of low world prices.

(2015)

Saskatchewan residents enjoy one of the lowest tax burdens in the country, so it would have been easy to make up those revenue shortfalls by tax increases, but we chose not to follow that course. The government does intend to see that those corporations and individuals who have the ability to pay are required to pay.

For the reasons I outlined earlier, we believe that it is only fair that the large corporations and banks should help establish and promote small business in the province. Our small-business initiatives will be financed by two tax increases affecting only our largest corporations.

Effective January 1, 1986 the general corporate capital tax rate will increase from 0.3 per cent to 0.5 per cent, and for banks the rate will increase from 2 per cent to 3 per cent. For trust and loan companies, the rate is increased from 0.8 per cent to 1.2 per cent. And these increases will only affect those corporations with paid-up capital greater than \$10 million. But they will generate an additional \$21 million in revenue in 1986.

Effective January 1, 1986 the general corporate income tax rate will increase by one percentage point from 16 per cent to 17 per cent, and this will result in additional annual revenues of \$7 million. Small businesses with active business income less than \$200,000 per year will be not affected by this measure.

In addition to these tax increases, I am announcing one other revenue-generating initiative. Effective midnight tonight, the tax on cigarettes will be increased by 25 cents per package, or 1 cent per cigarette — for those to calculate, opposite — with similar increases for cigars and cut tobacco. This measure will generate \$22 million in revenue in 1986.

In total, our revenue-raising measures will provide an additional \$50 million in revenue in the 1986 fiscal year.

We were pleased to see the federal government . . . (inaudible interjection) . . . Not in a pack of 25, for the

hon. member

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — We were pleased to see the federal government follow our lead and introduce a 500,000 lifetime capital gains tax exemption. This will result in a provincial tax saving of more than \$20 million for Saskatchewan farmers and small-business people.

The federal program was designed to accomplish the same objectives as the Saskatchewan program. In addition, the continuation of the Saskatchewan rebate program after the introduction of the capital gains exemption, will result in some individuals receiving a rebate for provincial tax that they did not have to pay. And they did not pay. Accordingly, I am announcing the termination of the provincial capital gains tax rebate program for the 1985 taxation year and thereafter.

These revenue initiatives, combined with tax measures to stimulate investment and the growth of small business, form a package of tax changes which generates revenue from banks and large corporations and at the same time, the tax burden on families and small business is reduced.

Total provincial revenues for 1986 will be 3.359 billion. This includes an additional \$28 million in revenue generated from banks and our largest corporations.

Combined expenditures will increase to 3.748 billion, an increase of 281 million or 8 per cent from estimated expenditures for 1985-86, when increased expenditures for health, agriculture and debt charges are excluded. Government spending will increase by only 1.6 per cent.

Twenty-nine of 39 government departments and agencies had either no increase or a decrease in their budgets between 1984 and '85. And 17 of the 39 will either have no increase or a decrease between 1985 and 1986. A clear sign that government expenditures are well under control.

One of the ways that expenditures will be controlled is through the creation of a new property management corporation. The corporation which is modelled after similar Crown corporations in British Columbia, Manitoba, and Quebec will acquire, finance, and manage government land and buildings. No longer will these functions be spread out among several government departments and agencies. Instead they will be centralized in one Crown corporation to achieve maximum efficiencies. Line department managers will then be able to concentrate their efforts on the programs they know best, leaving property management functions to the experts.

For the first time in Saskatchewan history government managers will be held accountable for the efficient use of space. And for the first time government will be able to obtain the true cost of programs. We anticipate that the savings resulting from the new corporation will be substantial.

Creation of this corporation is in keeping with our commitment to eliminate waste and duplication in

government; commitment which has resulted in savings of over \$300 million to date and a reduction in the civil service of more than 1,000 positions since 1982.

Another important initiative to keep the 1986 deficit as low as possible is the further reduction of the civil service by more than 300 positions. This reduction will be used to offset the increase, partially offset the increase in nursing positions that the Minister of Health has recently announced. Mr. Speaker, I want to assure you that no one will lose their job as a result of this efficiency initiative. The reduction will be achieved through the management of vacancies.

In addition, we will continue to maintain the very close scrutiny of all expenditures by departments throughout the year. Managers will no longer be given automatic pay raises. Salary increases for government managers will now be based on merit. Deputy ministers will approve all expenditures greater than \$500, and all out-of-province travel. It was through measures such as these that our government was able to save more than \$25 million during the last quarter alone. And we will continue this program of restraint in 1986 and thereafter.

These stringent expenditure controls and revenue stabilization through the effective use of capital assets will result in a deficit for 1986 of \$389 million — a decrease of over \$200 million for the revised estimates of 1985. And this government is fully confident that a balanced budget can be achieved within the next five years, Mr. Speaker.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — This reduced deficit for '86 is the first step towards this goal. And we will be examining additional ways to improve efficiency and accountability, and one possibility that will be closely examined is a more formal capital budget approach.

Total capital financing requirements in 1986 are estimated at 1.62 billion. Net borrowing requirements, after providing for refinancing, will amount to 1.24 billion. Of this amount, \$900 million will be allocated to Saskatchewan Crown corporations.

Major Crown corporation projects which are helping build a better Saskatchewan include the continuation of the rural natural gas distribution program; the beginning of the rural electric underground program; and the beginning of rural individual telephone line service. And these projects demonstrate this government's commitment to Saskatchewan.

The Canada Pension Plan will provide \$120 million in capital, with the remainder coming from various capital markets. And again, Mr. Speaker, Main Street, Saskatchewan, will have the opportunity to be provided with attractive opportunities to invest in our Crown corporations.

Before this government assumed office in April of 1982, the people of Saskatchewan were faced with problems of crisis proportions. They wanted a change. We took immediate responsible action. We protected family

homes from high mortgage interest rates. We removed the tax on gas and essential commodities. We allowed young farmers to purchase the land they work. We improved efficiency in government. New businesses have been formed, and thousands of new jobs are being created. Unemployment levels are low. The economy is growing.

This strong performance was achieved because we have a plan for economic development. A plan that builds upon those values and beliefs which have made Saskatchewan great. A plan that creates opportunities; and a plan that creates jobs.

Our common sense approach to economic development, together with our firm commitment to protect families, the family farm, and our social institutions, has guided this government's actions during the last four years. It has also formed the basis for our budget for 1986. A budget that provides additional opportunities for economic development and major improvements to our security net.

The highlights of this budget include: the Saskatchewan pension plan; the exemption of all clothing under \$300 from the sales tax; an 8 per cent interest program for small business; a two-year corporate tax holiday to new small businesses incorporating after budget night; expansions of venture capital program; a provincial income tax credit for the construction or expansion of livestock facilities to stimulate livestock production; a stock savings plan; an agricultural and commercial equity corporation; a first-time new home buyers program providing a \$3,000 grant to families; the largest increase in agricultural and health expenditures in the history of the province; a major increase in spending in education; a new approach to funding day care centres in the province; and a property management corporation to improve the management of the Crown's land and buildings; and a reduction in the deficit and a commitment to a balanced budget in five years; and, Mr. Speaker, for the Leader of the Opposition, a 6.3 per cent increase for capital projects and highways.

Mr. Speaker, this budget provides further stimulation to small business to create new economic opportunities and jobs. It also provides additional protection for families and for our social institutions. It is a budget which is part of an economic development plan for the province; a plan which is founded on the basic values of the Saskatchewan people themselves; a plan created by a government which is proud of our past and optimistic and confident about our province's future.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — Mr. Speaker, opposition policies which threaten the start of the Gainers bacon plant in North Battleford will not keep Saskatchewan working. They will cost Saskatchewan young people jobs and opportunities. And the NDP policies which call for the phasing out of uranium mining will not keep Saskatchewan working. That will cost young people jobs and opportunities. And NDP policies which will cancel and stop the Estevan power project will not keep Saskatchewan working. That will cost young people jobs and opportunities. NDP political policies which will

cancel business incentives to the oil and natural gas industry will not keep Saskatchewan working. They will cost our young people jobs and opportunities.

Mr. Speaker, this province can't afford not to have another four more years of Grant Devine and the Progressive Conservative Party.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — Mr. Speaker, I move, seconded by the member from Souris-Cannington:

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

**Hon. Mr. Blakeney:** — Mr. Speaker, I won't deal at length with the rewriting of history contained in the early part of the minister's speech. It not only rewrites the history of the pre-1982 years, but it rewrites the version of those years advanced in previous budgets by the member for Kindersley, who is not here tonight.

But let me touch on a few points. He tells us on page 2 that the government is working diligently to encourage investment. He says the Premier has worked diligently to encourage investment, and maybe he has. But he certainly hasn't worked effectively. He certainly hasn't worked effectively.

During the period from 1979, 1980, and 1981, business investment in this province increased at the rate of 19 per cent per year, compounded.

**Some Hon. Members:** Hear, hear!

(2030)

**Hon. Mr. Blakeney:** — During '82, '83, and '84 — and I don't have the '85 figures — during those three years it was less than 1 per cent a year, compounded, because diligence is not enough; a little leadership and competence would be useful.

The minister talks about investment in health, and he congratulated his government for what he called, dealing with the underfunding in health. I wonder why his colleague, the Minister of Health, is unwilling to explain these outstanding programs at meetings called by the Saskatchewan Union of Nurses. I wonder why in Saskatoon on Monday night not one single MLA would turn up at the meeting called by the Saskatchewan Union of Nurses . . . (inaudible interjections) . . .

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Blakeney:** — The member for Regina North West declares that he was there. He is no longer a Tory. He has turned his coat and he is now a WCC.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Blakeney:** — What I am asking is why the members from Saskatoon were unwilling to go and tell the Saskatchewan Union of Nurses the outstanding job that has been done by the government. I think the answer

is because the statistics will not bear out the rhetoric of the Minister of Finance. It is because of the fact that the waiting list for elective surgery in Saskatoon has increased from the order of about 2,000 when they took office, to the order of 5,000 now. And it is difficult to put that to somebody who knows the facts. The Minister of Finance will come here and tell us how wonderful things are, but he nor his colleagues would say that to the Saskatchewan Union of Nurse, because they know the facts.

He goes on to say that he is unprepared to fight the deficit — and I am quoting him now — on the backs of “seniors, farmers, and small business.” Note he doesn’t even mention that he might, over three or four years, have fought a little on the back of oil companies.

It’s certainly true that seniors and farmers and small business have had a tough four years. Nobody denies that. But some have not had a tough four years. Unlike farmers, unlike small business, the oil industry has made record profits. Yet the minister was unwilling even to whittle away the deficit a little bit by asking these, who have had their greatest profits in history, to make a little more contribution to our common welfare.

Let me touch on two or three or four other things mentioned by the Minister of Finance. He indicated that in the bad old days, people were unable to own their own land. Would he be good enough to explain why there are fewer farmers now owning their own land than there were four years ago? And I think the answer is that economic conditions had dictated that farmers are having tough times under Tory governments.

He goes on to rewrite history and talk about saying that in the late 1960s and early 1970s the world economy was healthy. Well, the world economy may have been healthy, but certainly the economy of Saskatchewan was not healthy. And anybody whose mind goes back to those days would know that the Minister of Finance is not being accurate when he recalls the good old days of the government with which he was associated, the government of the Hon. Ross Thatcher, when wheat could be bought for 2 bushels for \$1.

Those are the facts, and it’s no good for the minister to try to say that those were the good old days, and now he is in tough times, and not able to do the things that he knows ought to be done.

He deals with the Lloydminster upgrader, and says he’s all for it. What I want to know is: who isn’t for it? The PC government at Ottawa says they’re for it. The PC government at Alberta says they’re for it. Why would anybody doubt the upgrader unless they doubt the words of some of those governments?

And I think they’re wise, both to doubt the words, and perhaps, to doubt that those governments will have the intestinal fortitude to go ahead with that worthwhile project, because we’re not seeing many positive words out of Ottawa, or indeed out of this government, or out of Edmonton, on whether or not that project should go ahead.

Now the minister talks about new directions. And I want to point out one of the new directions, and you’ll find it on page 23 of the budget speech, for those who wish to follow along. It deals with the question of borrowing. No government has ever borrowed as much in four years as this government has borrowed. No government, I suspect, has borrowed half as much in four years as this government has borrowed.

And it’s illustrated by the fact, on page 23, that last year they borrowed \$855 million, public borrowing; and this year they propose to borrow \$1.616 billion. Double — double in one year of borrowing. We all know — all know that this has to be paid back.

And I suspect when we get the estimates tomorrow that it will show that the interest on the public debt in the estimates will be of the order of 10 times what it was when you people took office. And that, I suspect, is the situation. And it comes from your belief that borrowed money never has to be returned.

Well, let me make one other . . . I don’t have total criticism for the member opposite, the Minister of Finance. He said there was never a better time to own and open a small business. And I happen to agree with him there.

I would urge any small-business person to get into small business today, because we believe that a climate for profitable operation and growth for Saskatchewan small business can be restored, and will be restored, just as soon as the government opposite is removed.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Blakeney:** — Let me move on to one other point. Did you note that on page 12 the minister is complaining about the international sales of potash by the previous administration? These methods “alienated many international customers.” And every tonne was sold by Canpotex. Every tonne was sold by Canpotex? He says that Canpotex alienated international customers — that’s what he says — but we should stick with Canpotex. We should allow them to continue to alienate international customers. That seems to be his argument. Which does he claim is not true? Does he deny what he puts in his budget speech or does he deny that those sales were made by Canpotex? And if international customers were alienated, it was done by the agency which he so vigorously supports.

Now one final comment about this rather whimsical statement that the budget will be balanced in the next five years. Well all I can say is that it’s Easter week and anyone who believes that will believe that the Easter bunny is going to arrive on Sunday.

Mr. Speaker, when we look at this budget we see that in essence the problem of this budget and the problem of the previous budgets of this government has been a problem of fairness. A year ago this PC government hit the ordinary people of Saskatchewan with the biggest tax increase in the history of this province. It slapped a flat tax on income, making Saskatchewan the only province in Canada with not one but two provincial income taxes.

The flat tax will take \$400 out of the pockets of the average Saskatchewan family this year alone. Last year's budget took hundreds of dollars a year in property tax relief away from Saskatchewan home owners and renters and small-business people and farm families when you scrapped the property tax rebates.

And then there was the used vehicle tax which the PC government dumped after only nine months, knowing that it had been a mistake and unfair, but declining to make any refunds.

Those were the record tax increases last year, Mr. Speaker. Saskatchewan people had hoped that the budget would repeal the unfair flat tax, restore property tax relief, and refund the money collected through the unfair used vehicle tax. They had hoped for these changes. They were disappointed tonight. Not one of those changes is in the budget.

The budget contains virtually no relief for the unfair tax burden now weighing on Saskatchewan families. The Minister of Finance makes a big deal out of exempting some purchases from the sales tax. And he claims that they will save families \$23 million. Now that's one-fifth of the amount that this same minister is taking out of those same Saskatchewan families through his flat tax. He's taking out \$100 million, going to give back 20 million in rebates on sales taxes. He says, we're going to sock it to you by hundreds of millions of dollars a year in your income tax, but you should thank us because we're not going to charge sales tax on neckties and aprons and shoe-laces and sneakers and zippers. Well, I'm sure people will think that's great.

But, Mr. Speaker, I want to move to another area now. This budget is, I predict, the last budget of this legislature.

**An Hon. Member:** — You've been wrong before, my boy.

**Hon. Mr. Blakeney:** — I have. I have. But I'm not wrong this time. Not even the government opposite would attempt to cling to power for a full year while the public's indignation rises and rises and will wreak its vengeance upon them.

So in 1982 in your election platform, you promised to eliminate the 5 per cent provincial sales tax during our first term of office. Remember that? And it was in the ads of virtually every member opposite. Now the time has come. You've had five budgets and you have not done it. It was a promise and it's been broken.

I've looked through some of the material that the minister has tabled tonight and it looks like he is going to get even more money from sales taxes. I'm estimating that. I don't have material. But it seems to me that that will be the result. Certainly you're going to get more than \$350 million based upon my recollection of the figures from the tax which you and your colleagues campaigned on that you would eliminate in your first term of office.

Now, Mr. Speaker, the budget not only fails to restore direct property tax relief to home owners and renters and small business, but it's likely to drive up property tax bills. There is no indication that there will be substantial increases in grants to municipalities. If they had been substantial, you can bet . . .

I don't have the *Estimates*. I note the member for Regina Rosemont holds up the *Estimates*. I have just had them now. Members are chuckling but I want to say that it was the custom in this House prior to your government coming to office to supply the Leader of the Opposition with a copy of the *Estimates* when the minister stood. You have decided that in keeping with your withholding of information such as the public accounts and otherwise from members, you would distribute them after the opposition critic was on his feet. That's what you have done and I think it says a little bit about your government. It says a little bit about your government. It says a little bit about your government. It says a little bit about the type of debate you would like to see in the House.

But I will carry on and make it very clear, very clear that you are taking money from people through withdrawing the property tax rebates. There are virtually no indications of major increases in grants to municipalities. I predict that mill rates will increase and I predict, therefore, that the tax burden will also increase. Members opposite may be perfectly confident that that won't be so. I doubt it. I do not accept their assurances that there will be no increase in mill rates.

We have increases in taxes for big business of the order of 20 million. The flat tax is going to take 100 million. Is it reasonable to take \$100 million from ordinary families in tax increases and only \$20 million from major corporations? Does the ordinary citizen feel he's five times as well as off as the banks? I doubt it. It's a question of fairness. The big business tax increases are peanuts. Even the budget speech admits that they are going to get almost as much from smokers as they are getting from the banks, the oil companies, and all the major corporations.

(2045)

Mr. Speaker, I think it will be of interest to note that the budget speech mentioned, as I believe it was, not one but two Crown corporations, new ones. No government has ever formed more Crown corporations in any four-year period than the government opposite. Count them up, count them up. And it is rather fascinating that members opposite who have decried Crown corporations from every platform in this province have begun to establish them at a rate not equalled in any previous government.

And I suspect, and again we'll have an opportunity to analyse the material, but I suspect that when we analyse the material it will be shown that the purpose of these two Crown corporations is not so much to improve the quality of life in Saskatchewan but to hide the quantity of the government's financial mismanagement.

I suspect that the numbers are going to show. We'll have an opportunity to deal with this tomorrow, and members who are shaking their head, I know, will wish to enter the debate later on in the week — next week — and they will

be able to refute any suggestion that budgetary revenues are wildly overstated and budgetary expenditures are grossly understated. And I think that is going to be shown. So we will see; we will see.

The member for Prince Albert says that is a trick. He will have an opportunity to prove that, and I bet you he will not. I bet you he will not stand up and analyse that budget. I bet you he will not indicate whether he thinks those are a fair statement of revenues and a fair statement of expenditures.

Interest costs will be, I predict, \$200 million. And it is worthwhile to note that that is more than the combined budgets last year of the following agencies: the Department of Rural Development, the Department of Parks and Renewable Resources, the Department of Energy and Mines, Environment, Labour, Culture and Recreation, Economic Development, Tourism and Small Business, Consumer Affairs, Co-ops, Science and Technology, and Executive Council. All of those agencies together get less money than we're now paying to the bankers and the bond dealers because of the accumulated deficit of the government opposite.

But, Mr. Speaker, I do not intend to make any further comments on the budget directly, but to make some comments on what should have been in the budget.

People are telling us that they're fed up with the government opposite, and they're fed up with their record of unfair taxes and rising unemployment, financial mismanagement, and weak leadership. People are telling us that we just can't afford four more years like the last four years.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Blakeney:** — They want a government committed to fair taxation and job creation and competent financial management, compassion for those in need and standing up for Saskatchewan at Ottawa.

With respect to fair taxes, a New Democratic government will see to it that large corporations and the wealthy pay their fair share of taxes. There will be no paper tiger hikes for big business under a New Democratic government. In order to get the Devine government Devine deficit under control and to ease the heavy tax burden on low- and middle-income people, we will get more from major corporations and we will then have more to lower taxes. The unfair flat tax as structured by the government opposite will be repealed.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Blakeney:** — Property tax relief for home owners and renters and small business and farmers will be restored. The money collected under the unfair, used vehicle tax will be refunded.

With respect to job creation, Saskatchewan small business will be encouraged to grow and create new job opportunities with a guarantee of stable interest rates. We will offer to small business a guarantee extending over a number of years of stable interest rates.

Unlike tonight's budget which tried to throw the municipal business tax problem onto the shoulders of municipal governments, a New Democratic government would work with those municipal governments to eliminate municipal business taxes by increasing the revenue sharing pool.

A New Democratic government will institute a policy of Saskatchewan first. When we are spending large amounts of public money, we will take steps to see that there are contracts for Saskatchewan business and jobs for Saskatchewan workers.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Blakeney:** — Unlike the members opposite who offer large incentives to the Peter Pocklington of this world, who hire Alberta companies without tender, bring in Alberta workers without any opportunity for Saskatchewan workers to get those jobs, to build plants in Saskatchewan with Saskatchewan taxpayers' money.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Blakeney:** — A New Democratic government will build new facilities to create jobs for today and lasting assets for the future. Things like hospitals, like the Regina General Hospital which has been a hole in the ground since 1982. Those projects should be gone ahead with, both because we need the jobs today and we need the facilities tomorrow.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Blakeney:** — Mr. Speaker, the number one job creation sector in the Saskatchewan economy is housing. If a government has a solid comprehensive plan to get the house sector growing, it has a solid comprehensive job creation program. That has been the history of job creation in this province.

New Democrats believe that we have a solid housing program. We have committed a New Democratic Party government to a housing program which will see the creation of 18,000 direct new jobs, and which will generate more than \$1.3 billion in new economic activity over the next five years.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Blakeney:** — For young families buying their first home, a New Democratic government will provide \$7,000 in down payment assistance for the purchase of a new home.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Blakeney:** — Unlike the panic program introduced in the budget, it will not run for nine months, but will run for three years

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Blakeney:** — This will avoid the boom and bust mentality which hit the housing industry in this province



when there were grants of \$6,000 a couple of years ago.

Our family home protection plan will guarantee home mortgage rates of 7 per cent for seven years on the first \$70,000 of the mortgage.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Blakeney:** — It will provide interest rate stability to encourage existing home owners to make major consumer purchases. It will provide interest rate stability so that young families can qualify for longer-term mortgages.

For those who own an older home in need of major repairs, a New Democratic government will offer up to \$7,000 in rehab assistance, as long as the repair projects are creating new jobs and new economic activity.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Blakeney:** — For low-income families, people in the North, seniors and the disabled, a New Democratic government will have a real commitment to the construction of social housing.

The PC government has cut back on the construction of the social housing sharply, sharply. It's only about one-third of its former levels, and we will change it and change it quickly.

If the member opposite says oh, oh, oh, I invite him to go up to La Loche and count all the new houses built in La Loche.

Mr. Speaker, this kind of comprehensive housing policy will put housing within the reach of thousands of Saskatchewan families. It will create jobs for thousands of Saskatchewan workers. It will mean new contracts and new opportunities for thousands of Saskatchewan businesses. It will mean new activity for our retail sector, our forest industry, and hundreds of communities large and small who need some impetus to their economy.

For our farm families, the number one problem is commodity prices. And I hope nobody opposite denies that the basic problem being faced by farmers is commodity prices. A New Democratic government will push the Mulroney PC government in Ottawa to introduce a deficiency payment for Canadian farmers to bring the price of wheat up to the level at which American farmers are being subsidized.

**Some Hon. Members:** Hear, hear

**Hon. Mr. Blakeney:** — Members opposite will know that the governments in Europe and governments in the United States are doing that. It is only right that our provincial government should be pressing our federal government to do the same.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Blakeney:** — If Brian Mulroney can find a billion dollars over 48 hours to bail out a couple of banks, I think he ought to be able to find something like that to

protect the prices that our farmers get for their commodities.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Blakeney:** — Here in Saskatchewan a provincial government should be doing everything in its power to help to solve the other key problems, and that's input costs. A New Democratic government will reduce the price of farm fuel by a minimum of 32 cents a gallon. We will introduce measure to cut the cost of farm fertilizers. We will pressure Ottawa to introduce legislation which allows the development of low-cost generic farm chemicals, as we have had low-cost pharmaceutical chemicals for several years. A New Democratic government would join with the Saskatchewan farm organizations to fight the disastrous recommendations of the Nielsen task force report on agriculture.

**Some Hon. Members:** Hear, hear

**Hon. Mr. Blakeney:** — Turning to other issues, a New Democratic government will provide a guaranteed minimum income for Saskatchewan seniors 60 and over.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Blakeney:** — We will increase health care staffing — not by announcing but by having people on the ward. We will improve and extend home care services.

Now these are just some of the positive proposals which we have put forward to get Saskatchewan working again. They stand in stark contrast to the backward-looking, big business budget we've heard tonight.

In light of the budget speech, I say to the Premier, I say this to him: your government has no mandate to continue its path of unfair tax increases for the ordinary people of this province. You have no mandate to give away dollars to out-of-province companies in hundreds of million of dollars drops.

While refusing to provide adequate help to Saskatchewan businesses and Saskatchewan workers, you are offering vast benefit to out-of-province companies — 145 million to Manalta. How much to Pocklington? We don't know. We don't know the Weyerhaeuser deal, but it looks as if they get 248 million without any firm obligation to repay. Those surely are far, far more than you are doing for ordinary people. You've no mandate to squander our future through mismanagement of our public finances.

Mr. Premier, the people want an opportunity to tell you that they think your government's policies are unfair and that your record is dismal. They want an opportunity to turf your government out. I call upon you, therefore, in the next very few days, to call an election and give the people of Saskatchewan an opportunity to pass judgement on your administration.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Blakeney:** — Mr. Speaker, I beg leave to adjourn the debate.

**Some Hon. Members:** Hear, hear!

Debate adjourned.

(2100)

## MOTIONS

### Resumption of Budget Debate

**Hon. Mr. Lane:** — Mr. Speaker, I move, seconded by the member from Indian Head-Wolseley:

That the debate on the motion that this Assembly do now resolve itself into the committee of finance be resumed on Thursday, March 27, 1986.

**Mr. Speaker:** — Order, please. Order.

Motion agreed to.

**Hon. Mr. Berntson:** — Mr. Speaker, before I ask for adjournment I would like to, on behalf of the Minister of Finance, invite all members and guests here in the Chamber this evening to a tea in room 218, which is just to your left and down that corridor. I now ask, Mr. Speaker, that this House do now adjourn.

The Assembly adjourned at 9 p.m.