

June 17, 1987

The Assembly met at 2 p.m.

Prayers

## ROUTINE PROCEEDINGS

### INTRODUCTION OF GUESTS

**Mr. Martens:** — Mr. Speaker, it's with a good deal of pleasure that I would like to introduce to you and to the Assembly here today a group of 35 students from the school at Waldeck. It's just a little way from where I live, and I'm just glad that they could be here today. I know that they have been looking forward to it because the staff there told them about some of the things that were going to be done here today. And I would like to have the Assembly join with me in welcoming them here today.

**Hon. Members:** — Hear, hear!

**Mr. Mitchell:** — Mr. Speaker, I would like to introduce to you, and through you to the Assembly, a group of 33 students plus three adults from the Vincent Massey School in my constituency in Saskatoon. They're here to watch the goings-on today, and I hope to join them later on for refreshments and a short talk. I'd like to ask the Assembly to welcome the students here today.

**Hon. Members:** — Hear, hear!

### ORAL QUESTIONS

#### Election Promises and Health Care Commitments

**Hon. Mr. Blakeney:** — Mr. Speaker, I would like to direct a question to the Premier, and it deals with the commitments which his party made to the people of Saskatchewan in the last provincial election, with respect to health care.

He will recall a PC campaign brochure sent out to every household in this province and signed by him, which said clearly: a new PC government will place a great emphasis on improving the delivery of health service.

Many of the other ads spoke of 500 new nursing positions, 330 positions in other health professions.

My question to the Premier is this: can you explain to the people of Saskatchewan how cutting the prescription drug program, privatizing and reducing the coverage under the children's dental program — and incidentally resulting in the firing the 300 dental hygienists — and cuts in the coverage under chiropractic and physiotherapy care — how is this going to improve health services?

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

**Mr. Speaker:** — Order, please. I recognize some members of the galleries are participating in the debate. I would like to remind all guests that they must not participate in the debate in anyway and to please refrain from clapping or any other such indication of support for either side.

**Hon. Mr. Devine:** — Thank you, Mr. Speaker. In response to the hon. member's question, he will soon see in the budget that is about to be presented, as I have said on many occasions, that the health care funds allocated in this province are not only higher than they've every been in this history of Saskatchewan, but better than any other jurisdiction in Canada.

And he will also be able to see, and my colleague will announce in some detail, that we have looked at society today and say somebody has to make sure that we are in tune with what's going on with respect to some of the diseases, some of the efforts that are being taken. And I point out, Mr. Speaker, that we have talked to families in this province about teenagers, for examples, teenagers who are in some trouble because of . . . (inaudible interjection) . . .

**Mr. Speaker:** — The Premier is attempting to answer the question. The Premier is attempting to answer the question. You will note that the question was of a rather wide range in nature, and it may elicit a little longer answer than we like. I would like to remind all hon. members at this time to keep your questions as short as possible, and all minister to keep their answers as short as possible.

**Hon. Mr. Devine:** — Mr. Speaker, I will say it in three very brief parts. Firstly, that he will see that the health care budget this year is larger than it's ever been, number one. Number two, we have new priorities, particularly with respect to drugs, alcohol, and social diseases that we should address. And third, Mr. Speaker, when we look across the piece with respect to health care, we are very proud that it is the best health care program, the best dental program, the best drug program you'll find any place in Canada.

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

**Hon. Mr. Blakeney:** — Supplementary, Mr. Speaker. The Premier talks about getting us in tune with other provinces. The history of Saskatchewan in health care is we have been in front of other provinces.

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

**Hon. Mr. Blakeney:** — The Premier speaks of numbers; I want to ask about people and their problems. The facts are that there are close to 10,000 people waiting for beds in Saskatoon hospitals, double the number when you took office. And what does your promise of making Saskatchewan number one, or keeping up with other provinces, mean to them? And I refer to families who have children under medication and some of whom now must find hundreds and hundreds of dollars up front so that they may have prescription drugs for their children.

My question to you is this: how does that improve health care as you promised to do; how does that improve health care for those people who, wrongly as it now seems, relied upon your word during the election campaign.

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

**Hon. Mr. Devine:** — Mr. Speaker, I will point out to the hon. member that we have increased the health budget and the revenue to health every year since we were elected, and it provides a great deal of revenue right across the piece and particularly to hospitals in Saskatoon. We've seen the waiting list increase there despite massive increases in health care. The hon. member, I'm sure, is aware of some of the problems associated with the use of hospitals and the line-ups that don't seem to exist, Mr. Speaker, in other . . .

**Mr. Speaker:** — Order, order, please. I would like hon. members not to continue interrupting the individual trying to answer the question.

**Hon. Mr. Devine:** — Mr. Speaker, I could add, with this massive increase in expenditures in health care we've still seen some increases in the line-ups, and obviously it's not all related to just finding an extra or more billions of dollars just to pour into the health care institutions in one particular city. We have to look at the entire health care system here in Saskatchewan.

With respect to the drug program, I would point out, when we initiated that program, we saw the annual expense something like \$16 million. Within a few short years it approaches \$100 million, and the population of the province hasn't changed that much. A massive increase — \$100 million a year on drug use paid for by the people of Saskatchewan. Yet at some point in time, Mr. Speaker, I believe the hon. member would appreciate, if you're going to contain expenditures, you should look at some of the programs.

And I will finally say, Mr. Speaker, if you look at the Manitoba drug program, under the NDP administration, you will find that people are very satisfied with that program. They seem to think that it works quite well, and whether you talk to young people or seniors or others, it's quite acceptable.

**Mr. Romanow:** — Mr. Speaker, a question to the Premier. The Premier says that they have to make some cutbacks because of the deficit. Notwithstanding the fact, as we know, that there has been millions of dollars put out to the purchase of an oil company subsidiary in Alberta, and to Weyerhaeuser, and to the projected Shand project in Estevan, notwithstanding all of that, but the question really is not numbers, but people.

Now the Leader of the Opposition asked a question specifically about hospital waiting lists, and I say to the Premier that I am getting tens of letters where people are being denied access to hospital on life-threatening matters. I'll just take the privilege of the House for one moment, Mr. Speaker, with your indulgence, to cite here a portion of a letter directed to me which is indicative . . .

**Mr. Speaker:** — I will allow the hon. member to quote briefly from the letter, but I would remind him that the preamble to the questions should be as short as possible, and I hope he keeps that in mind in the wording of his question.

Order. Order, please.

**Mr. Romanow:** — Thank you very much, Mr. Speaker. I am making the question as brief as I can, and most certainly briefer than any of the answers that the Premier has given thus far . . .

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

**Mr. Romanow:** — I am citing from the letter which reads, in part, as follows. This is not a statistic, Mr. Premier, this is a person.

I waited a month for surgery to remove a tumour which was suspected of being, and did in fact turn out to be, malignant. The cancer had just begun to invade the lymphatic system. Had surgery taken place immediately, it might not have spread. What good does it do to educate the public on early detection of cancer if doctors are unable to operate when it has been detected?

My question to the Premier is: what answer do you give to this woman and hundreds like her in Saskatchewan who want these answers?

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

**Hon. Mr. Devine:** — Mr. Speaker, as I've pointed out, and I will repeat to the hon. member, the health care budget, as he will soon see, is as large as it has ever been in the history of the province. We have new cancer facilities. We have put new revenues in place to make sure that we address these kinds of problems. And you'll find out from this budget, Mr. Speaker, that it is more money than any jurisdiction in Canada spends for health — any jurisdiction spends for health.

So if there's an emergency, if there is life-threatening situations in Saskatchewan, Mr. Speaker, I can only say it must be pretty interesting then in Toronto or in Newfoundland or in British Columbia or in Alberta or in Manitoba, who spend less than we do with respect to health care expenditures.

**Mr. Romanow:** — Mr. Speaker, a supplementary question. With the greatest of respect, perhaps the Premier can worry about Toronto and Halifax and Winnipeg. I think he should start worrying about the people of the province of Saskatchewan, first and foremost.

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

**Mr. Romanow:** — This person is one of tens — I would say without a word of exaggeration, hundreds. And they expected differently because in October of 1986 you, sir, and your government front benches campaigned that you would expand the drug plan, the dental plan, and the health plan, entirely.

I have one . . . (inaudible interjection) . . . Well the Minister of Finance says it's not true. I have in front of me, and I'll be pleased to table this, Mr. Speaker, as a preface to my question, the commitment — there it is — of the Hon. Premier in the October '86 election. And what does it say?

A new PC government will place great emphasis, among other things, "by expanding the drug plan."

Exact words. Now you didn't expand it. You betrayed the people of Saskatchewan. How do you defend and answer that now?

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

**Hon. Mr. Devine:** — Mr. Speaker, I said that we would have the best health care system in Canada and, Mr. Speaker, we have the very best health care system in Canada.

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

**Hon. Mr. Devine:** — And I don't have to speak about other jurisdictions. I don't have to speak about them at all. We'll talk just about the province of Saskatchewan and the increase in revenue, the increase in the beds, the increases in services, the increase in specialists, and the money. The members can't have it both ways, Mr. Speaker. They can't say, well for . . .

**Mr. Speaker:** — Order, please. Order, please. Order. I'd just like to ask the hon. members once more to refrain from continually interrupting the individual trying to answer the question. I realize that because of the emotions that do take place during question period sometimes it is difficult to refrain from wanting to enter the debate. However, I do ask you once more, and I ask both sides of the House, please refrain from interrupting the person who's on his feet.

**Hon. Mr. Devine:** — If I could just add, the hon. member raised the question of investments and diversification in Saskatchewan, like in trees or oil or upgraders or Weyerhaeuser, Mr. Speaker. He raised that question, so I should be able to respond to it.

I would say you will see nothing in this budget with respect to buying oil properties in Alberta. That is a private company, it was decided to buy other . . . (inaudible) . . . and to raise revenue. The upgrader that we're investing in in Regina will return millions and tens of millions of dollars to the people of Saskatchewan so we can spend it on health care.

That's precisely, Mr. Speaker, why we want diversification and processing and manufacturing, to increase the revenue so we can maintain health and education as number one in the country here.

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

**Mr. Romanow:** — Mr. Speaker, I think I might be tempted to accept the Premier's words that I won't see anything, that we won't see anything, in this budget about oil expenditures in Alberta. Because I've come to realize, after five budgets, you can't expect anything that's in them because almost everything that is done negatively to the province of Saskatchewan isn't in the budget. So I don't buy at all the notion that we won't see this.

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

**Mr. Romanow:** — But my question is this, Mr. Speaker; my question is this: what we're seeing here for sure is a shift in philosophy. When you do away with the drug plan, you don't do away with the costs. Sick people, older people, are still going to have to pay for medicine. They're still going to have to pay for the dental technicians' services. They're going to have to pay for all the other costs that you're eliminating, over 25 specialists I'm told, Mr. Speaker, to-day — doctor specialists terminated today or the last few days.

My question to the Premier is this: in the light of this obvious shift from public service, to your friends in the private sector, I want you to tell us how that is consistent with the commitment that you made in October of 1986 to support the Saskatchewan medicare and hospitalization system. How consistent is that kind of privatization of the medicare system, fall into this game?

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

**Hon. Mr. Devine:** — Mr. Speaker, let me come at it a different way for the hon. Member. Under very difficult times, the truth is we are short of revenue. The members opposite know that there is a decline in revenue in agriculture, decline in oil, decline in potash. At the same time they want us to maintain first-class health and educational institutions, social services institutions, at the same time.

Mr. Speaker, let me just reiterate it again; the budget they are about to see will show the largest expenditures in health in the history of the province of Saskatchewan, and much higher than they ever had themselves. The population hasn't changed all that much. More people are getting health care services in this province than they ever got before. We have better institutions than we've ever received before. And if you want to add it up, then we'll add it up for you and we'll read it to you, we'll share it with you as we do people across the country. It will be, despite difficult times — despite difficult times — the best health care, the best drug system, the best dental program any place in North America, right here in the province of Saskatchewan.

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

**Mr. Romanow:** — Mr. Speaker, another question to the Premier. I hear his words, and he expects us to accept those words. But I wonder how it is he would explain those words in the fact that not only is there a major demonstration today in the Legislative Building protesting the fact that there are cut-backs in health, and have been in the past and will be, how those words jibe with the reality of the situation. I can't believe that this Premier and this government is so absolutely insensitive to the needs of the suffering to think that we'll be satisfied with mere words.

My question therefore, Mr. Premier, is simply this: I don't think that you're going to change. I don't think your front-benchers, or the Minister of Finance, or the Minister of Health is going to . . .

**Mr. Speaker:** — Please put the question.

**Mr. Romanow:** — Will you permit your whip to allow your government back-benchers to have a free vote on these programs to get a true expression of what this House really believes about what you're doing about this budget?

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

**Hon. Mr. Devine:** — Mr. Speaker, the result of our caucus and our work and the result of the major whip, the last two elections, '82 and '86, I think we've got the result right here.

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

**Mr. Romanow:** — Mr. Speaker — mind you, hearing what one hears in Saskatchewan about the PC back-benchers — I don't blame the Premier for not allowing a free vote on these issues.

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

**Mr. Romanow:** — So I understand the answer. Obviously we're not going to make any headway with the Premier and the government, so my next question, Mr. Speaker, to the Premier is this. I think, as these answers painfully and clearly demonstrate, this PC government has compounded and devised a complicated, tangled web of deceit and deception perpetrated upon the Saskatchewan public in October of 1986. And they did it without electoral approval. They told us things were good, and six . . .

**Mr. Speaker:** — Order. Order! Would you please put the question.

**Mr. Romanow:** — My question, Mr. Speaker, is this. Mr. Premier, you did not get the mandate of the Saskatchewan people to dismantle medicare, and my question is to you as follows: will you do the right thing, therefore, and now dissolve the legislature and call an election so the people can decide what you did?

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

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

**Hon. Mr. Devine:** — Mr. Speaker, the opposition in 1986 asked for an election all year. They finally got one, and they lost, and now they're asking for it again.

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

**Hon. Mr. Devine:** — In four or five years, when you finally pick a leader, we'll call another one and we'll be the first to let you know.

Mr. Speaker, I want to just address one point that the hon. member had in his question with respect to we didn't tell it as it was in October when we had the election. Let me point out, Mr. Speaker, the last . . . at least the last two weeks of the campaign in October I spent all my time on how difficult economic conditions there were in agriculture. I had the opposition members walking all over this province talking about a billion dollars because

the farmers were in trouble. We talked about the difficulties in the potash, difficulties in agriculture, difficulties in oil . . .

**Mr. Speaker:** — Order!

**Hon. Mr. Devine:** — And the opposition didn't have any answers. They didn't have an answer; in fact, nobody would listen to them.

### Impact of Cut-backs to Health Care

**Ms. Atkinson:** — Mr. Speaker, my question is to the Premier. Mr. Premier, I want to know whether you really understand the impact of your government's cuts with respect to health care. And more importantly, I want to know if you really care what these decisions are doing to Saskatchewan people.

And I'll give you an example, Mr. Speaker: a senior citizen couple in Saskatoon, living on the old age pension and the supplement. They have just been affected in the last several weeks by two major cuts. Their son has been told — he's a resident of the North Park Centre in Prince Albert — that he's going to have to move. They have also been told, Mr. Speaker, that the prescription drug plan, for the most part, has been done away, and they will have to pay for drugs up-front — drugs up-front, Mr. Premier — of \$322.16. My question to you, Mr. Speaker: do you really care about the people in Saskatchewan when they have to pay for these kind of drugs and they have to pay for it up-front? Do you really care?

**An Hon. Member:** — Make the poor pay?

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

**Hon. Mr. Devine:** — Mr. Speaker, I want to say at the outset that, when you look at any particular program, there are adjustment periods that will have to take place. And we've consulted with the Government of Manitoba and looked at their drug program. I can say to senior citizens in this province, the deductible is \$25 this year — \$25 for single individuals. Now beyond that, if you have specific information where you have a unique problem and it's something that you would like to table . . .

**Mr. Speaker:** — Order. Order, please! Would you let the Premier answer the question.

**Hon. Mr. Devine:** — . . . please provide the information about the pharmacist and the company that's providing their prescription service, about the individual, to the Minister of Health. He will be glad to examine a specific situation if it is unique. As you know, senior citizens in nursing homes don't have to pay anything. As you know, it's only \$25 deductible this year for seniors, which is not prohibitive. And if you have specific situations that you'd like looked at in detail, the minister will be glad to look at them.

### Credibility Regarding Budgetary Matters

**Mr. Goodale:** — Mr. Speaker, my question is for the Premier. In any budgetary process, one critical but intangible ingredient is basic credibility. Can the

government be believed?

Miscalculations of last year's deficit turned out to be a full 200 per cent mistake. Many financial analysts have concluded that this government has a very large credibility gap, that it's diddled the arithmetic too often.

Can the Premier tell us how, precisely, he intends to restore some faith and some confidence in this government's believability; what his game plan may be for rebuilding some credibility to Saskatchewan people and the financial community?

**Hon. Mr. Devine:** — Mr. Speaker, I can say to the hon. member a couple of observations. One is, as he knows, every provincial government in Canada, and indeed the federal government, has a deficit. Because of the economic times, you can have a Tory government in Alberta or an NDP government in Manitoba or a Liberal government in Ontario — they all have deficits, and we all face that because of international economic conditions.

Secondly, we have not seen any significant change in our cost of borrowing money because of our reputation. If you go into the international markets you will see provinces have had their credit rating modified somewhat. But you can go and look through the documents that we'll provide today. No significant or even modest increase in the cost of borrowing because the financial institutions are saying, we believe that you have got a reasonable hand on managing the province, and that's why we're prepared to back you up under these difficult times.

Now you can look at the cost for other jurisdictions. And I would just point out, Mr. Speaker, if you go to the province to the east of us under an NDP administration, you'll find close to a \$10 billion deficit. And a 10 per cent interest rate on that is \$1 billion a year — in some difficulty. And I think that your observations level there would be quite appropriate.

**Mr. Goodale:** — Mr. Speaker, that still doesn't explain last year's 200 per cent mistake. There's an obvious gap, Mr. Speaker, between what this government said last fall at election time and what it has done since. There's a blatant contradiction. Last fall everything was rosy; now everything is a disaster. When pressed by the news media to explain that contradiction, ministers in the government say, well, we're just politicians; we just tell our side of the story, and the public doesn't expect us to tell the whole truth. That's their explanation, Mr. Speaker.

My question to the Premier is this: does the Premier stand by that explanation as the official policy of his government?

**Hon. Mr. Devine:** — Mr. Speaker, the hon. member raises the last campaign and what I talked about. And that's precisely what he wants to get. He says, what you said then is not the same as what you're saying now. Let me reiterate — and he nods that's what he wants addressed — let me reiterate.

All through the campaign we talked about the difficult

times in Saskatchewan agriculture, which is our largest industry — all through the campaign — how difficult it would be. There isn't a person in this country that didn't know that I was trying to get a billion dollars for Saskatchewan farmers because of difficult economic conditions. All through the campaign I said, somebody's got to stand there and fight provincially and nationally and internationally for Saskatchewan agriculture and for Saskatchewan resources, because they're in a lot of trouble.

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

**Hon. Mr. Devine:** — Now you or nobody else can deny that. That's what I did all through the campaign, as did this front bench. And you provided your solutions, and they provided their solutions, and you were rejected again. You were rejected because we said we would go to defend farmers when interest rates were 20 per cent, and we did. We said we'd help farmers when wheat prices were 2 or \$3, and we did. We defend the energy patch; we defend potash; we'll defend trees. We talked about the problems, and we got elected talking about the problems because we had solutions for Saskatchewan.

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

## TABLING OF REPORTS

**Mr. Speaker:** — Before orders of the day I would like to lay on the Table the report of the Provincial Auditor.

Order, please. I think hon. members realize that when the Speaker is on his feet there are to be no interruptions.

## ORDERS OF THE DAY

### GOVERNMENT ORDERS

#### TABLING OF ESTIMATES AND SUPPLEMENTARY ESTIMATES

**Hon. Mr. Lane:** — On orders of the day, 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, 1988, and supplementary estimates of certain sums required for the service of the province for the 12 months ending March 31, 1987 and March 31, 1988, and recommends the same to the Legislative Assembly. (Signed) F.W. Johnson, Lieutenant Governor of the province of Saskatchewan.

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

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:** — Mr. Speaker, I rise this afternoon to present the first budget of this Progressive Conservative administration, an administration with a renewed mandate from the people of Saskatchewan.

On October 20, 1986, the people of Saskatchewan voted for a Premier and a party whose first priority is to provide the people of this province with the means to build a more prosperous future for themselves.

Mr. Speaker, the people of Saskatchewan wanted a government that was willing to look realistically at the challenges which face us. They wanted a government committed to protecting the Saskatchewan families and the social institutions that enhance our quality of life. They wanted a government determined to create a climate in which they can get on with the job of building and diversifying the economy.

Mr. Speaker, the people of Saskatchewan are optimistic about the future, and that's why they re-elected a Progressive Conservative government that will continue to build, to protect, and to diversify. Our need to build, to protect and diversify is underscored by the events in the world economy. Recent sharp declines in world prices for our resources and agricultural commodities reminds us of our vulnerable fiscal and economic base. Diversification of the provincial economy will help us in the long term to protect ourselves from these global circumstances. But the dramatic shortfall in government revenues over the past year has added to the deficit and put additional strain on our expenditure base. Faced with this situation, we responded as any Saskatchewan family would respond, by undertaking a fundamental review of all our expenditures and revenues.

Mr. Speaker, we are acting to protect our future. We had to be realistic, and we had to be fair. Before we asked others to make sacrifices, we had to improve further the financial management of our affairs to protect our social institutions, enhance our quality of life, and encourage the new activity that diversification will bring. Accordingly, this budget presents the results of our initiatives to significantly reduce the deficit, thereby protecting Saskatchewan's future.

It also outlines the other major actions that this government will take — actions to address the two central issues facing our farming community — low commodity prices and high farm debt; actions to protect and further develop our essential commitments to health, education, and employment, and actions to build and diversify our economy to provide new opportunities and jobs for the people of Saskatchewan.

Mr. Speaker, the world economy is undergoing fundamental change. The huge American trade deficit and the large trade surpluses of Japan and Germany are weakening traditional trading patterns, as predatory subsidies multiply and protectionism is enshrined in law. American and European and Japanese governments now

provide over \$80 billion in subsidies to their farmers. Protectionist trade measures by the United States have already attacked Saskatchewan's lumber, steel, beef, and pork industries. Our potash and uranium industries are now being threatened by anti-dumping actions.

Mr. Speaker, the changes occurring in the international market-place are having a dramatic effect on the Saskatchewan economy. Wheat prices are at their lowest levels in 40 years, and mineral and oil prices have also dropped dramatically. Oil prices fell from a high of \$42 a barrel in 1985 to a low of \$14 in 1986. Potash prices fell from \$155 per tonne in 1981 to under \$80 in 1986, and uranium prices fell from \$50 per pound in 1978 to \$24 in 1986. The sharp decline in prices for our commodities stands in stark contrast to the 1970s when increases in prices outpaced inflation and led to expenditure decisions based on the assumption of even higher prices.

In 1981, for example, the then minister of Finance told the international investment community and rating agencies that by 1986 oil revenues would increase by 180 per cent, from \$530 million to \$1.5 billion. In actual fact, Mr. Speaker, they declined by 60 per cent, to \$213 million.

In 1981, the then minister of Finance promised the people of Saskatchewan that potash revenues would increase by almost 220 per cent, from \$185 million to \$600 million. In actual fact, Mr. Speaker, they declined by 80 per cent, to \$37 million.

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

**Hon. Mr. Lane:** — In 1981 again, the then minister of Finance said uranium revenues would increase by over 350 per cent, from \$30 million to \$136 million. The truth is, Mr. Speaker, they declined by 40 per cent, to \$18 million.

Saskatchewan government resource revenues have fallen by 50 per cent since 1985, declining from roughly one-third of government revenues in 1981, to only 13 per cent today.

Today the economic outlook for Saskatchewan is difficult. Record world stocks and low prices for most Saskatchewan resource exports are depressing the economic outlook for agriculture, oil, potash, and uranium, and significantly lowering expectations for related provincial investment spin-off activity and government revenues. This uncertain world situation requires strong action to protect Saskatchewan's future.

Global events beyond the control of Saskatchewan people have led to a sharp decline in government revenues, making it apparent that we have to streamline the operation of government to fit the new economic and fiscal realities. We have to protect our future flexibility to deal with changing social and economic development priorities. Significant government economies were needed to reduce the deficit of \$1.5 billion projected in March. If we had not acted, Mr. Speaker, the interest payments on our debt would have totalled nearly \$1 billion by 1991, exceeding our current total expenditures on highways and education.

Over the past five years we have provided the people of Saskatchewan with a more efficient and productive government. In 1982 the people of Saskatchewan made it clear that they wanted a government which placed its priority on the delivery of services and programs to those who need them without waste or duplication.

We listened and we acted. During our first term we reduced the civil service by more than 1,000 positions through the prudent management of retirements and attrition — a reduction of 7 per cent. We introduced new management information technology systems. We established the Saskatchewan Property Management Corporation to centralize the functions of acquiring, financing, and managing government land and buildings.

In 1983 we reorganized several government departments and agencies which resulted in administrative savings and a much clearer definition of responsibilities.

We created the Saskatchewan Water Corporation, consolidating all water-related activities from four government departments. In 1985 the corporation was moved to Moose Jaw, and in 1986 we announced the decentralization of other government operations, the agricultural credit corporation to Swift Current; the crop insurance corporation to Melville; and the Department of Science and Technology to Saskatoon.

These initiatives have brought programs closer to the people they serve. Here are a few examples of the priority this government places on delivering services to the people of Saskatchewan in an efficient and effective manner. It is through such government cost-saving measures we were able to save the taxpayers of this province nearly \$300 million in our first term in office.

In March I indicated in my *Economic and Financial Report* that we had to be realistic, but fair, in our efforts to control government expenditures. I indicated that we would take significant measures to reduce our own expenditures before we asked others to make sacrifices, and only then would we consider raising general tax revenues.

I specifically announced that we had set as our target the reduction of the civil service by 2,000 positions; that government employees would receive no wage increases for at least two years; and as other public sector and Crown corporation labour contracts expired, this same wage policy would apply; that the province's funding to third parties such as schools, universities, municipalities, and hospitals would not recognize salary increases for the next two years; and that funding increases for 1989 and the following years would depend on the strength of the economy, particularly the agricultural economy.

Finally, Mr. Speaker, I indicated that the process would not be . . .

**Mr. Speaker:** — Order, please. Order, please. I believe there are too many interruptions. All members will get an opportunity later on in the debate on the budget to voice their views and opinions, and I would like to ask you that for the next little while, while the minister is presenting the budget and while later on the opposition member is

responding to it, we try to allow them to get through their presentations as efficiently as possible.

I think we should note that the galleries are full. It might be some time this afternoon before we adjourn, so the fewer interruptions, the quicker everybody could get out.

(1445)

**Hon. Mr. Lane:** — Thank you, Mr. Speaker. I indicated that this process would not be an easy one and that many difficult decisions would have to be made requiring both trade-offs and a spirit of good will and co-operation.

We began a review of expenditures by focusing our energies on government-directed programs and services which account for one third of the provincial budget. There are two reasons for making this approach. First, we believed that it was important to be fair by reducing our own expenditures before we ask others to make sacrifices. And secondly, we believe that as a result of these reductions we could significantly improve government efficiency and productivity. The decisions we have taken have produced both significant savings and improved government accountability.

Since March we have reduced the size of the civil service by over 2,000 positions. Through an early retirement package, 1,200 positions have been vacated, and 800 of these have been permanently deleted. An additional 550 vacant positions were eliminated, and over 700 positions were deleted as a result of lay-offs. These reductions will result in a saving of over \$200 million over the next five years.

We have eliminated nine government departments and agencies. This will enhance the co-ordination of government decision-making while reducing administrative costs. Mr. Speaker, we will continue to pursue decentralization initiatives to operate government more efficiently and to make it more responsive to the people of this province.

We are currently examining administrative structures in regional offices with a view to implementing further decentralization initiatives. We have amalgamated three regulatory functions into the Local Government Board to reduce costs and provide "one-stop shopping." We are moving our various mediation functions, the Provincial mediation Board, the Rent Appeal Commission, and others, into the Department of Justice. The Minister of Justice will be making further announcements respecting alternative dispute resolution mechanisms. Our objective is to relieve individuals as much as possible from the emotional and financial burden associated with the court system, reduce court case loads, and create administrative savings.

We are streamlining the administration of health care, including the amalgamation of the Medical Care Insurance Commission within the Department of Health. We have reorganized our technical institutes by placing them under one management structure. This measure will not only improve the quality of education in our technical institutes, but it will reduce administrative costs.

Opportunities to improve service and achieve savings through private sector delivery will be pursued in areas such as tree nurseries and park facilities. There are many non-essential services which can be operated more efficiently by the private sector, with substantial savings to the taxpayers, and we intend to pursue those opportunities.

The measures that I have just outlined to improve the financial management of these programs and services which we directly control were not always easy or pleasant, but they were necessary, they were realistic, and they were fair. If we had taken no action, government program services and administrative expenditures would have increased substantially this year. But because of our actions, expenditures in this area will be reduced by 2 per cent below last year's budget estimate.

It was also clear that as part of our overall review of government expenditures, we had to examine the two-thirds of our provincial budget which provides funding for third parties and individuals. We reviewed all grants on a realistic and fair basis. University operating grants were maintained at least year's level, and the Minister of Education asked the University of Regina to eliminate its deficit over the next four years. School operating grants and rural and urban revenue-sharing grants were reduced by 1 per cent. Spending under the provincial capital fund was deferred except for prior commitments, and payments to doctors are being held at actual 1986-87 funding levels, and hospital grants have increased by 2 per cent.

They also undertook an extensive review of the hundreds of smaller third-party grants. In most cases we were able to continue with the previous level of funding support. However we found that the utilization rate for some organizations had dropped over time, but that their funding level had been maintained. In some cases we found that different agencies were in direct competition with each other by offering the same public service. In other situations we found that some agencies were duplicating government programs and services. We also found major inconsistencies between salaries paid by similar organizations to people doing similar jobs. In all these cases we reduced or eliminated funding to these third parties.

We believe we have been fair in our approach, and in most cases have maintained or increased funding to third parties. Our expenditures this year on grants and payments to individuals will be 1.4 per cent below last year's budget estimate.

In summary, Mr. Speaker, through a 2 per cent reduction in our own expenditure base and a 1.4 per cent decrease in grants to third parties and individuals, we have been able to reduce overall government expenditures in these areas by \$51 million relative to last year's budget estimate, and that will be \$680 million less than that estimated in March.

In developing this budget, it would have been easy for us to follow Manitoba's recent example by simply raising taxes to meet our expenditure requirements. We have not chosen that course. We have taken a more thoughtful,

more time-consuming, but ultimately a more responsible approach. We have reviewed closely all government expenditures, and the measures we have taken as a result will substantially reduce our requirements for revenue-generating initiatives. But this did not entirely eliminate the need for tax increases.

In considering the taxation alternatives available to the government, three basic principles guided our deliberation: fairness, economic self-development, and revenue sufficiency. We considered the alternatives with a view to ensuring that incentives to work, to save and to invest would continue, and that our competitive position relative to other provinces would not be eroded. We rejected taxation measures such as succession duties and payroll taxes, as they were both unfair and detrimental to economic development.

Mr. Speaker, the principle of fairness was foremost when I announced the flat tax would increase to 1.5 per cent for 1987, and this tax ensures that people pay their fair share of tax. Tomorrow the federal Finance Minister, the Hon. Michael Wilson, will present a major tax reform initiative. I expect that his reform proposals for the personal income tax system will focus on the issues that this government has long advocated: a reduction in the number and size of tax preferences; a simplified tax structure; and a significant reduction in marginal tax rates. These are the very concerns the Saskatchewan flat tax addresses.

Members opposite and others have called upon the government to reinstate the gas tax to ensure non-residents and interprovincial truckers pay their fair share of highway construction and maintenance costs. We considered their advice . . .

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

**Hon. Mr. Lane:** — I could quote for the hon. members opposite, Mr. Speaker, many speeches in which they called for reinstitution of the gas tax, but that debate will come later.

I am announcing today that the gas tax will be introduced effective June 22. A 7 cents per litre fuel tax will apply to gasoline, diesel, and aviation fuels and propane. However, Mr. Speaker, this government does not believe that Saskatchewan individuals, including farmers, should have to pay this tax. Accordingly, I am announcing today that the gasoline tax will be rebated to Saskatchewan individuals.

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

**Hon. Mr. Lane:** — Saskatchewan farmers and individual primary producers will be exempt from the tax on their commercial purchases from their bulk fuel dealers, and all heating fuels will be tax exempt. Mr. Speaker, the residents of this province will continue to have the lowest gasoline prices in Canada.

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

**Hon. Mr. Lane:** — The Premier and Minister of Agriculture will be announcing incentives to encourage

the consumption and production of ethanol and motor fuels.

Today I am announcing revenue measures to provide adequate funding for the services that people of Saskatchewan desire. Effective midnight tonight, the education and health tax will be increased to 7 per cent. Effective January 1, 1987, the tax rate levied on the taxable paid-up capital of trust and loan companies has increased to 3 per cent. Effective midnight tonight the tobacco tax will be increased by 15 cents per package of 25 cigarettes, with similar increases for other tobacco products. Liquor prices will be increased to generate an additional \$10 million . . .

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

**Hon. Mr. Lane:** — During the past few years the government has significantly reduced the impact of the education and health tax on Saskatchewan families by exempting such basic necessities as clothing, footwear, heating, and electricity. In additions, farmers are exempt from the tax on input costs such as machinery, fertilizer, and pesticides. Mr. Speaker, in Saskatchewan these essential goods will remain sales tax free.

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

**Hon. Mr. Lane:** — In order to build on these previous initiatives I have one final revenue announcement to make that is of significant benefit to lower income families, especially single parents and senior citizens. To improve the fairness of our tax system and to provide further protection to lower income families, I am pleased to announce an enhancement to and restructuring of the Saskatchewan tax reduction.

There are five components to this new program. First, a \$200 sales tax reduction will be introduced to offset the impact of the education and health tax increase. Secondly, a \$300 tax reduction for home-makers will be introduced. Third, to protect families with children, a \$200 per child tax reduction will also be added. Fourthly, a special provision for single parents will be introduced in recognition of the difficulties they face. This will provide a \$500 tax reduction for the first child. And finally, a new supplementary \$200 tax reduction for senior citizens will be introduced. These benefits will be reduced as income rises in order to target these substantial savings to those most needed. In total over 330,000 people will benefit from this \$51 million program.

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

**Hon. Mr. Lane:** — These enhancements to the Saskatchewan tax reduction complement the Saskatchewan Pension Plan and provide further support to home-makers in recognition of the valuable contribution they made to society. For example, a senior couple with net income of \$17,000 will receive \$350 in tax relief; a single mother, with two children, with a net income of \$15,000 will receive \$650 in tax relief; and a family of four with a net income of \$20,000 will receive \$400 in tax relief.

I believe, Mr. Speaker, that this is welcome tax relief for Saskatchewan families, single parents, and senior citizens. I invite members opposite and the public to read the two budget papers which describe the effects of the tax changes I have announced. And this government will continue to ensure that provincial taxes paid by Saskatchewan residents compare favourably to the provincial taxes paid by other Canadians.

Mr. Speaker, for example, if we were to impose Ontario's tax rates on Saskatchewan residents, taxes would rise by over an additional \$150 million today. And if we, Mr. Speaker, were to impose Manitoba's tax rates on Saskatchewan residents, taxes would increase by a further \$500 million. And if we were to apply Quebec's provincial tax rates on Saskatchewan residents, taxes would increase by a further \$830 million. Saskatchewan continues to have the second lowest provincial taxes in Canada.

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

**Hon. Mr. Lane:** — By reducing government expenditures, and by introducing the revenue-generating initiatives that I have announced, the deficit for 1987 will be reduced to \$577 million, a decrease of 60 per cent over \$900 million from the projected deficit of 1.5 billion. The substantially revised deficit target has been achieved primarily through expenditure control and keeps us on the track to balance the budget.

(1500)

Mr. Speaker, agricultural development. The people of this province know and understand that our farmers are in serious difficulty. Today the international grains market is characterized by predatory pricing and subsidized over-production which has resulted in seriously depressed prices. This problem has been compounded in Saskatchewan by high interest rates and the inflated land prices of the late 1970's and early 1980's. Many farmers are in serious financial difficulty, confronted as they are with high debt costs and reduced prices for their grains. The drop in world grain prices has been sudden, but the causes have been with us for some time. The belated effects of the "Green Revolution" reduced Third World demand, turned some major importers such as China, India, and Saudi Arabia into exporters. European and American agricultural subsidies grew significantly over the past decade and have now escalated into a full-scale grain war over market shares . . . I know the hon. member may not want to hear about the difficulties of Saskatchewan farmers, but this Government and, I believe, the people do, Mr. Speaker.

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

**Hon. Mr. Lane:** — And our Saskatchewan farmers are caught in the middle. Current world wheat stocks are estimated at 150 million tonnes, the equivalent of two years of the world wheat trade. Coarse grain stocks are estimated at approximately 186 million tonnes, double the level of world trade. The price of wheat has been cut in half from \$222 per tonne in 1981 to \$110 today. Net farm incomes would be substantially below zero without the assistance of government programs such as the

production loan program, the federal deficiency payment, and the western grain stabilization program.

And now is not the time for governments to turn away from this important industry. This government will continue to defend and develop our agricultural interests and address the two central issues facing our farming communities — low commodity prices and high farm debt.

This government believes that trade-distorting subsidies in the international arena must be eliminated. Premier Grant Devine has shown foresight and leadership in raising this issue at national and international meetings. Premier raised this issue for the first time in a national forum. And recently he's urged Japanese leaders, American farm leaders, and the President of France to eliminate agricultural subsidies.

The federal government must continue to support our Premier's efforts to reduce farm subsidies to allow Saskatchewan farmers to compete fairly. An international process that will lead to the elimination of agricultural protectionism must be introduced quickly, and our federal government must sustain our Premier's initiatives for such a process.

We have already seen some concrete results from our Premier's success in bringing agriculture to the forefront of the national agenda — I'm speaking, of course, of the \$1 billion injected into Canada's farm economy by the federal deficiency payment.

This government will continue to push for the elimination of rain subsidies in the international arena. However, in the meantime, we are committed to securing essential protection for our farmers. A second substantial federal deficiency payment of between \$1.6 billion and \$3 billion is required this year. And that position of our Premier was unanimously supported at the western premier's conference recently held in Humboldt.

The other key issue facing Saskatchewan farmers is the burden of farm debt accumulated through recent droughts, low grain prices, and high financing charges. Mr. Speaker, farm debt in Saskatchewan is now estimated to be over \$5 billion, and it is a serious problem that requires a response.

This government will be proposing new initiatives regarding alternative forms of farm equity financing for public discussion later this summer. These initiatives will require the co-operation and participation of the farming and financial communities, as well as the federal government, if we are to resolve this pressing problem.

In our first term in office we provided substantial relief to Saskatchewan farmer in the face of back to back droughts and high interest rates. We provided short-term solutions to immediate and pressing needs. However, problems confronting our farming community have now changed. They are international in scope and more difficult to resolve. Solutions to low grain prices and large farm debt cannot be provided by this government alone.

But there is much we can do to improve the competitive position of Saskatchewan farmers. We are taking steps to refocus the agriculture budget by moving away from some interest rate protection programs and moving towards increased development initiatives, irrigation enhancement, and a more effective gathering and distribution of market information.

While the budget for agriculture is reduced, we believe that now is the time to reallocate the funds in this important area to address the central issues facing our farm community. Accordingly, I am announcing today that the farm purchase program is suspended. The program will continue, however, to meet its commitments to farmers already participating in the program. When we established the farm purchase program in 1983, interest rates were 13.25 per cent, while farm land prices were \$400 an acre. Since that time both interest rates and land prices have fallen substantially.

The livestock cash advance program will also be modified to provide cash advances to livestock producers similar to cash advances provided to grain producers. And this modification is made possible by increases in market prices for livestock.

Our approach to agricultural research, trade, development and diversification will be comprehensive. We will bring agriculture extension services into the new technological era. We will maintain our commitment to the \$92 million College of Agriculture building at the University of Saskatchewan.

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

**Hon. Mr. Lane:** — We will follow the advice of our farming community and pursue expanded local supplies of farm chemicals, fertilizers and fuels with cost savings to farmers. We will continue to support the production of generic agricultural chemicals in Saskatchewan. We will be examining initiatives in the area of inland grain cleaning, feedlot and livestock development, special crop trading, and meat packing and processing.

We will provide almost \$30 million to the agricultural development fund, an increase of 28 per cent. And we will provide an increase of \$7 million for irrigation development, for a total of \$16 million to permit further agricultural diversification. And we will establish an agricultural development secretariat to monitor and promote the interests of the agricultural community in trade discussions, and to provide a focus for the diversification of Saskatchewan's agricultural economy.

Mr. Speaker, in our first term in office we faced a difficult environment with excessive interest rates, a world recession, back to back droughts, and the commencement of the agriculture and resource downturn. This government acted with common sense and care. Mr. Speaker, we introduced, over the objection of the opposition, the mortgage interest reduction plan. We introduced, over the objection of the opposition, the Saskatchewan Pension Plan, the farm production loan program. We introduced, over the objection of the opposition, the Saskatchewan heritage program, the

Saskatchewan student loan program, an enriched day care program, and emergency drought assistance. These actions protected Saskatchewan people in difficult times. They addressed immediate and pressing needs. And this government remains committed to the protection and the advancement of the people of Saskatchewan, and we will act when and where necessary to offset economic hardship.

This government introduced the mortgage interest protection plan to protect Saskatchewan families against high interest rates, and we also introduced measures that lower-income Saskatchewan residents pay less tax than elsewhere in Canada.

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

**Hon. Mr. Lane:** — We have already exempted virtually all essential goods from the sales tax. And this budget, Mr. Speaker, provides further relief by enhancing the Saskatchewan tax reduction, which will result in an actual decrease in taxes for many lower-income families.

And I am pleased to announce today, Mr. Speaker, that the application forms for the senior citizens' heritage program will be distributed over the course of the next week, and this program will put approximately \$40 million into the hands of 107,000 Saskatchewan senior citizens.

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

**Hon. Mr. Lane:** — In recognition of the growing number of working families, I'm pleased to announce a \$500,000 increase in day care funding for 225 new spaces. Since 1982, the number of spaces has been increased by 53 per cent, and expenditures have increased by \$4.7 million or 52 per cent, Mr. Speaker.

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

**Hon. Mr. Lane:** — We have consistently acted to protect the people of this province, and I invite the members of this Assembly to review the interprovincial comparison of taxes and charges contained in this document.

A Saskatchewan family of four with an annual income of \$20,000 will pay almost \$600 less in taxes and charges than the average Canadian family with similar income. At \$35,000 per year, a Saskatchewan family will now pay \$300 less in taxes than the average Canadian family. Saskatchewan families continue to pay the lowest overall charges in Canada for such essential living expenses as automobile insurance, electricity, home heating, and telephone services. And when these charges are combined with taxes, a Saskatchewan family of four with an annual income of \$20,000 will now pay \$1,400 less than the average Canadian family at that income. A Saskatchewan family with an annual income of \$35,000 will pay \$1,100 less than the Canadian family.

Mr. Speaker, 1987 is the 25th anniversary of medicare in Saskatchewan, and we have seen many changes over the years. In 1962 the budget for health care was \$47 million. This year the budget exceeds \$1.2 billion — a 25-fold increase. In 25 years, medicare has become a national

program with slightly different characteristics in each province.

**Mr. Speaker:** — Order, order, please. I would once again respectfully ask hon. members to please refrain from constant interruptions, to allow the minister to deliver his budget speech.

**Hon. Mr. Lane:** — Thank you, Mr. Speaker. Today every province faces the challenge of protecting medicare in the face of spiraling costs. For example, Ontario is cutting the number of medical residents in teaching hospitals by 15 per cent. Manitoba is reviewing the process for setting the physician fee schedule, has cancelled ophthalmology training and has increased its drug plan fees and has closed some hospital beds. Alberta has delayed the opening of the Peter Lougheed Hospital in Calgary; has deinsured certain benefits; has begun means testing of the Alberta aids to independent living, and has increase health premiums by nearly 29 per cent.

I bring these examples to the Assembly's attention because protecting medicare, Mr. Speaker, is a priority of this government. Medicare must be safeguarded, Mr. Speaker, so it can provide basic, high quality health care for today and tomorrow, Mr. Speaker.

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

**Hon. Mr. Lane:** — And to protect medicare, Mr. Speaker, changes will have to be made. We are making the difficult but necessary decisions to ensure that Saskatchewan has the finest health care system into the next century, Mr. Speaker.

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

**Hon. Mr. Lane:** — This government has been proud of its support to medicare through the expansion of programs and the construction and rejuvenation of hospitals and nursing homes. Our health . . .

**Mr. Speaker:** — Order, order. Order! I regret to have to rise once again to interrupt the Minister of Finance. I would like to once more ask hon. members to please refrain from constant interruptions.

**Hon. Mr. Lane:** — Mr. Speaker, I know the hon. members opposite don't want to hear this information. Our health care expenditures have increased over 63 per cent over the last five years, Mr. Speaker, and the people of Saskatchewan will continue to receive the highest quality of care available. And achieving this objective requires the combined efforts of the entire health care profession and all of Saskatchewan people.

In spite of substantial expenditure increases in the health care field, particularly over the last five years, it is becoming increasingly clear that the continued application of large amounts of moneys is simply not enough. The health care sector is beset by structural and systemic problems which prevent us from delivering the best health care system available. Structural problems include a disjointed, layered system built up over the years through a simplistic, add-on mentality. We have a system that lacks adequate accountability and

performance standards, a system that encourages excessive utilization and high administrative costs at the expense of the patient.

(1515)

Many health care professionals believe that the system does not fully utilize the skills they have to offer. And left unattended, these problems would weaken the health care system and diminish the quality and accessibility of the care we have all come to expect. Notwithstanding what the opposition says, Mr. Speaker, we cannot and we will not allow that to happen.

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

**Hon. Mr. Lane:** — We must act now, Mr. Speaker, to protect and improve our health care system for the benefit of future generations, health administrative costs are escalating dramatically. Today there are about 500 separate boards, agencies and commissions managing the various components of the health care system in Saskatchewan. Obviously, this administrative structure directs funds away from patient care, and at the same time we have in place open-ended funding mechanisms.

Saskatchewan, Mr. Speaker — and I ask the hon. members to listen carefully — has 6.7 acute care hospital beds for every thousands residents. That's 31 per cent above the national average, and is certainly the highest in Canada. Yet waiting lists for elective surgery in Saskatoon have doubled over the past five years, while beds in our smaller hospitals remain under-utilized. It's clear that Saskatchewan does not have a hospital bed shortage, but rather a serious utilization and distribution problem, Mr. Speaker.

The uneven distribution of physicians between rural and urban areas further compounds this problem. The present system can cause extensive utilization of physician services and medical procedures. And in recognition of these difficulties, the government has agreed to undertake a joint study with the Saskatchewan Medical Association to examine the utilization of physician services.

And a final concern is the limited accountability of the health care system which focuses pressure for funding almost exclusively on the provincial government. If we are to protect the people of Saskatchewan and guarantee quality accessible care, this system must become more responsible for the dollars it spends.

And we intend to improve the health-care system by addressing these problems, Mr. Speaker. We intend to move towards a regionalized, integrated health care system which is more efficient and streamlined, more responsive and accountable.

We intend to redefine the mandate of our rural hospitals to accommodate the needs of the communities that they serve so well. We intend to revitalize regional facilities and, where appropriate, reduce duplication of services in cities.

We will assess the ratio of spending on health care and administration to make sure it is spent primarily on

front-line patient care, and we will decentralize the decision-making process to ensure that all participants in medicare have a stake in the performance of its system, making it more responsive to the needs of the people of Saskatchewan. And the Minister of Health will soon begin an extensive consultation process to discuss how we should structure a new regionalized health care system.

In addition to establishing a long-term strategy to improve essential health services, this government has examined the performance of our supplementary health care programs. These programs must be restructured in the face of sharply rising costs and competition for funds for emerging new social problems such as drug and alcohol abuse.

Mr. Speaker, the cost of the Saskatchewan drug plan increased from \$16 million in 1975 to \$83 million last year, and would be \$95 million at the end of this year if no changes were made. In order to curb this trend, a deductible system, similar to that in place in the province of Manitoba, will be introduced by the Saskatchewan prescription drug plan effective July 1. As announced by the Minister of Health, families and individuals will be reimbursed for 80 per cent of their prescription drug costs after paying the first \$125, and that is \$67.50 for the balance of this year, Mr. Speaker. The deductible will be \$50 for seniors, \$25 for 1987, Mr. Speaker . . .

**Mr. Speaker:** — Order, please. Order, please. I'd like to please ask the member from Quill Lake to please refrain from making his comments in kind of a constant fashion all the way along. I would respectfully ask the hon. member from Quill Lake to do his utmost to try.

**Hon. Mr. Lane:** — Mr. Speaker, the deductible will be \$75 for senior families, \$37.50 for 1987. People who require long-term prescription drug treatment to control or combat disease such as cystic fibrosis, diabetes, and tuberculosis will experience no increase. Nursing home residents will continue to pay only the prescription dispensing fee. And welfare recipients will continue to pay a minimal dispensing fee as they have in the past.

Mr. Speaker, since the Saskatchewan dental plan was established in 1974, the number of dentists in the province has increased 46 per cent, and employer-sponsored dental plans have become very common. These changes have prompted us to modify the Saskatchewan dental plan. Effective September 1 the dental plan will be delivered through dental offices, Mr. Speaker. The adolescent component of the program is eliminated; however, full coverage will be maintained for all children aged 5 to 13, and this provides for the most effective targeting of funds by insuring that correct dental hygiene practices are established at any early age.

In addition to improving the quality of dental care, one of the objectives of these changes is to encourage more dentists to establish in rural areas. Mr. Speaker, we cannot expect the current structure to survive without changes. Some would argue that medicare should never change, that no changes should be made to the present system, and I suggest that they are not realistic. The medicare system must become more flexible; it must be prepared to

deal with new issues, new illnesses, and new problems. It must be prepared to adapt to changing priorities and to reallocate its financial and personnel resources accordingly. The problem of substance abuse is a growing concern among our young people, and their parents and I am pleased to announce that we will be providing \$13.2 million this year to the Saskatchewan Alcohol and Drug Abuse Commission, an increase, Mr. Speaker, of 69 per cent.

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

**Hon. Mr. Lane:** — An enhancement of \$3.2 million to programs that deal with the problem of substance abuse among adults and youth — and funding of \$1.5 million for the Whitespruce Drug and Alcohol Treatment Centre near Yorkton, Canada's first specialized youth treatment centre for substance abuse, are included in these funds. This government will respond to the growing problem of AIDS (Acquired Immune Deficiency Syndrome). Particular emphasis will be put on educational programs, and as a first step we have sponsored the symposium on AIDS education and prevention in Saskatoon.

And a further example of the need for medicare to adapt to changing circumstances is demonstrated, Mr. Speaker, by the reappearance of health problems we all once had thought been solved. For example, new cases of tuberculosis have been reported in northern Saskatchewan, and the government will be assuming responsibility for the treatment and prevention of tuberculosis in northern Saskatchewan this year.

The hon. member from Wilkie or Quill Lakes may laugh at this, Mr. Speaker, but it is a serious problem, and the government intends to respond.

This government recognizes the need to provide specialized support and the latest technological equipment to the disabled so that they can enjoy more accessible telephone services. In recent years SaskTel has provided telewriter services and in-province long distance phone lines for the hearing impaired at a 50 per cent discount in conjunction with the Saskatchewan hearing impaired person.

At the request of the hearing impaired for more and better services, effective August 1 SaskTel will introduce a dramatically upgraded operating service providing: a new message relay service costing some \$600,000 annually, and long-distance calls discounted by 50 per cent; volume control handsets at a 50 per cent discount, at an annual program cost of some \$250,000; a new communications aid for the vision impaired and physically impaired telephone users at an annual program cost of some \$150,000. Saskatchewan also provides a 50 per cent discount to Saskatchewan Aids to Independent Living for the rental of special equipment such as artificial larynxes, telewriters, hands-free phones, light-weight head-sets, and automatic diallers. SaskTel will now absorb the full cost of this equipment and its operation.

Mr. Speaker, a surcharge of 15 cents per month on all phone bills in the province will fund these improved services. And I am sure that the people of Saskatchewan

will not object to the disability surcharge which will ensure that our disabled people are given a further opportunity to participate in the activities of our society.

The Saskatchewan Abilities Council, Mr. Speaker, is recognized both nationally and internationally for their outstanding achievements. This government and the Abilities council believe that the council is fully capable of operating many services currently provided by the Saskatchewan Aids to Independent Living plan. The government has therefore agreed to transfer certain Saskatchewan Aids to Independent Living services to the Abilities Council.

Mr. Speaker, on the 25th anniversary of medicare this government is determined to protect our health care system, and we must adapt our health care system now if we are to maintain high quality health services for the next 25 years. And this government will take the necessary actions to protect medicare for our future and our children's future, Mr. Speaker.

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

**Hon. Mr. Lane:** — Mr. Speaker, this government recognizes that excellence in education is crucial to the future prosperity of the people of Saskatchewan. A well-educated population is more adaptable and better equipped to deal with the rapid technological changes that shape our social and economic environment, and for that reason education is a priority with this government.

In the economy of the future, we will be less dependent on our natural resources and more dependent on our intellectual resources. If Saskatchewan is to compete in the world market-place of new ideas, new skills, and new technologies, our educational systems must become more flexible. We must build upon our strengths and pursue excellence in key areas.

Mr. Speaker, we cannot get too comfortable with old structures and the old way of doing things. To succeed, we have to recognize that the education system is more than a collection of distinct parts. This government recognizes that our educational system must continue to evolve to meet the changing needs of our students. It must be relevant today and tomorrow. And we must continue to develop an educational system that stresses lifelong learning, quality, accountability, financial accessibility, and increased access for rural students. These are important objectives and ones that must be achieved.

Over the past few months, we have taken a number of important initiatives to ensure that the people of this province will have an educational system that is capable of delivering excellence. To improve policy and program development and management through the education system, we have amalgamated the Departments of Education, Advanced Education and Manpower and the Saskatchewan Library into a new Department of Education. To reduce administrative duplication, develop areas of excellence, and focus on skills that are in demand by employers, we have amalgamated the four technical institutes and four urban community colleges into the new Saskatchewan Institute of Applied Science and Technology. We have reorganized the fifteen

community colleges into nine regional colleges which will concentrate on skills training and, now, university extension programs. We have asked our two universities to commit themselves to the development of excellence and to establish standards by which their performance can be measured.

We have also asked our educational institutions to recognize they can no longer be all things to all people. Our institutions must develop their particular strengths. They must make the critical and important choice between putting their resources into programs that have the potential to be first-rate or those that will remain mediocre.

This government has established basic objectives for the elementary and secondary school system from the recommendations of the *Directions* study of curriculum and instruction. And these objectives, include an emphasis on quality instruction, basic life skills, lifelong learning, and respect for the individual student. We established the \$275 million educational development fund to help carry out the recommendations of *Directions*, to direct additional funds to elementary and high schools for enhanced learning resources, to apply computer technology to education and to implement other new programs.

Since 1985, this government has made available \$45 million to the elementary and secondary school system through the education development fund. And I am pleased to announce that this government is continuing its commitment to high quality elementary and secondary school system by allocating \$14.5 million to the education development fund this year.

(1530)

This funding is over and above the \$330 million in operating grants provided to the school divisions in this province, and the \$31 million in capital assistance for the construction and renovation of new schools.

This government has also launched major initiatives in support of the universities and adult education. Funding to the province's university sector has increased by almost 50 per cent. Part of this increase is due to the university renewal and development fund which has already committed \$83 million for a variety of projects, including renovation of the historic Darke Hall at the University of Regina; construction of a new administration building at the University of Saskatchewan; purchase and installation of a new administration building at the University of Saskatchewan; purchase and installation of a new computer system at the University of Regina; construction of an agricultural and an animal resource centre at the University of Saskatchewan.

And I am pleased to announce that this government is continuing to enhance the capital structures of the universities by committing \$13 million from the university renewal and development fund this year. And this is on top of our commitment to maintain operating grants totalling \$144 million to the universities at the 1986-87 level.

Since taking office in 1982, this government has

expanded the number of training spaces in the technical schools at a cost of \$52 million. This initiative has been highlighted by the opening last fall of the \$35 million Prince Albert campus of the new Institute of applied Science and technology, and a new campus in Regina.

This government is also sensitive to the need to improve student's financial accessibility to post-secondary and adult education. Our students can receive up to \$3,000 per year from the Saskatchewan student loan program, in addition to assistance available through the federal program. Interest rates on student loans have been written down to 6 per cent for three years. Enriched assistance is now available for single parents, and loan criteria have been relaxed for students whose parents are farmers or owners of small businesses. This year we will convert bursary assistance to loans which are forgivable upon the student achieving successful academic performance.

Mr. Speaker, this government is proud of its record of success in providing financial support to students. Since 1982, the number of students in Saskatchewan receiving assistance for post-secondary education and the amount of that assistance provided have almost tripled. This year the government will provide nearly \$14 million of direct assistance, and \$32 million of loans to students. And these loans were not available prior to 1982.

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

**Hon. Mr. Lane:** — Over the past four years, the Opportunities program has created jobs for university, technical institute, and high school students. The government, in partnership with employers, has provided students with valuable work experience and assistance in financing their education. Opportunities '87 will provide over 4,300 jobs for students with a priority given to work-related experience related to a student's course of study.

In addition, our \$4.3 million summer student employment program will provide 2,500 seasonal student workers with the opportunity to earn money for the coming school year while gaining valuable work experience in government.

In addition to enhancing financial accessibility, we will be undertaking new initiatives to increase educational accessibility to our rural students. This year, Mr. Speaker, planning will begin for the inauguration in 1988 of an educational television network designed to deliver adult education programming. The government will establish a new \$3.2 million education outreach fund for the teaching of university and institute courses in smaller Saskatchewan centres. Regional community colleges will become the vehicle for adult education and skills training in rural Saskatchewan and the Prince Albert campus of the Institute of Applied Science and Technology will deliver post-secondary courses at satellite centres throughout northern Saskatchewan.

This Government is proud of its record in education over the past five years. Since 1982, funding to our . . .

**Mr. Speaker:** — Order, please. Order, please. Order! I would like to remind the individual in the galleries to my

right, who I have noted several times now making comments, to please refrain from that. Guests of the Legislative Assembly, as I mentioned earlier, are not to engage in the debate itself, but to sit and listen.

**Hon. Mr. Lane:** — I'm sure that the guest has learned a great deal today, Mr. Speaker. It's probably good for him.

Since 1982, funding to our K to 12 and post-secondary system has increased by almost \$260 million, or some 48 per cent. Mr. Speaker, the hon. members opposite didn't hear that. This government, since 1982, funding to our K to 12 and post-secondary system has increased by almost \$260 million, or 48 per cent, Mr. Speaker.

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

**Hon. Mr. Lane:** — The new initiatives and funding support that I have announced today reaffirm this government's commitment to excellence in education.

Mr. Speaker, the people of Saskatchewan have always been willing to tackle difficult challenges with the understanding that they could not stand still for the future. Saskatchewan people know that, for the province to prosper, we must diversify our economy. Diversification not only affords the best protection against global economic uncertainties and the instability of resource markets, but also provides new economic opportunities, jobs, and an improved quality of life.

In our first term, a start was made on building a new economic future for Saskatchewan. Through our activities to build on our natural strengths, economic diversification initiatives are now under way throughout the province, including the construction of Canada's first heavy oil upgrader in Regina; the construction of a new paper-mill in Prince Albert; the construction of a new facility to manufacture recreational vehicles in North Battleford; the expansion of meat processing facilities at Intercontinental Packers in Saskatoon; the construction of a new hotel and convention centre in Regina; the construction of a new meat processing plant in North Battleford; the construction of the Rafferty and Alameda dams and the Shand power project; and expanded irrigation development around Lake Diefenbaker.

These projects and many others throughout the province have all created new economic opportunities, jobs and related economic spin-off activities for the people of Saskatchewan.

The government has acted to increase public participation in our economy through such measures as the venture capital corporation . . . the venture capital program, the stock savings, plan, and the sale of Sask Power and Saskoil securities. In response to this economic development program, unemployment has remained well below the Canadian average, while incomes, jobs and output have continued to grow.

Diversification of the provincial economy continues to be a central theme of this government, and we remain committed to developing new investment, new trade ties, and new diversification initiatives. Mr. Speaker, economic diversification does not mean the buying up of

Assets already at work in the province. Rather, to us, diversification means the building of new assets.

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

**Hon. Mr. Lane:** — And that is why we developed the Saskatchewan Builds program.

Saskatchewan needs to focus our resources towards areas such as food processing, tourism, fertilizer and agricultural chemical manufacturing, special crop production, ethanol production, and health services, biotechnology, communications, electronics, information management and trade.

During the past eight months, we have undertaken a comprehensive review of all of our economic programs, and have come to appreciate the need to simplify and streamline our operations. As a result of this review, various programs designed to assist economic diversification will be consolidated into a new economic diversification and investment fund. This fund will enable us to improve the co-ordination and strategic application of current economic development funds. It will enable us to enhance our ability to rationalize, alter priorities, and when necessary, develop new program initiatives; and to allocate effectively government resources around current priority areas such as technological research and development, trade and tourism promotion, entrepreneurial growth, and other specific industrial sector priorities.

And I am pleased, Mr. Speaker, to announce that \$22 million will be placed in the fund for 1987-88.

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

**Hon. Mr. Lane:** — Mr. Speaker, the rich legacy of natural resources which Saskatchewan enjoys provides the people of this province with a wide range of development opportunities. We have made considerable progress in building on our natural resource strengths. The Regina heavy oil upgrader will change the way Saskatchewan markets our heavy oil resources, and upon completion it will produce upgraded petroleum products from a resource that used to depend solely on the road building market. Mr. Speaker, we will work with the oil industry and the Government of Canada in heavy oil research and upgrading projects to ensure the continued development of this resource.

In January of this year, we responded to the changing world oil markets by restructuring Saskatchewan's oil royalties. These changes will enable the province to compete effectively for oil industry investment and jobs. The industry has responded positively to these changes as demonstrated by the June 9 land sale which earned some \$23.4 million for the province — almost twice as much in one sale as was generated in all of 1986-87. We anticipate that a \$30 million enhanced oil recovery project in the Swift Current area will soon proceed. In addition, new deep-well oil discoveries have been made recently in south-east Saskatchewan. And these are proof positive, Mr. Speaker, of our success in the development of the energy sector in the province of Saskatchewan.

Earlier this year we announced a deregulation policy for natural gas to promote economic diversification and self-sufficiency. We introduced a new price and royalty structure, and the government is considering further options for further market deregulation of natural gas.

This year, Mr. Speaker, marks an important milestone for Saskatchewan's gold industry. In January the Star Lake gold mine pour its first gold bar. It has been almost 50 years since Saskatchewan has seen a primary gold producer operating in this province.

The hon. member from the Quill Lakes says it's nothing, Mr. Speaker. We think it's an important project for northern Saskatchewan and for the people of this province.

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

**Hon. Mr. Lane:** — The relocation of Canpotex and the Potash and Phosphate Institute to Saskatoon from Toronto has made the city of Saskatoon the world's leading potash centre. And, Mr. Speaker, I might add it was persuasion, not nationalization, that brought them to Saskatchewan.

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

**Hon. Mr. Lane:** — Since that time, both agencies have taken significant steps to improve our customers' awareness of the advantages of using Saskatchewan potash in agriculture. Canpotex is now well established as a leading potash supplier to the largest markets in Asia, and is a major supplier to Brazil, the largest market in South America.

This government intends to continue working with the potash industry to pursue new opportunities for Saskatchewan in mining research, processing, transportation, and market development.

Mr. Speaker, the Potash Corporation of Saskatchewan was created from revenues generated by our non-renewable resources during the 1970's. The government of that day, instead of using these moneys to invest in new industry and new economic development, took \$500 million of those revenues to forcefully acquire ownership interest in assets that were already at work in the province.

The investment made in the Potash Corporation of Saskatchewan has not only failed to produce a decent rate of return, but it has become a financial drain on the government and the people of Saskatchewan. Mr. Speaker, by 1986 total losses had exceeded total profits, and we had to take action. As a first step, we implemented a major corporate restructuring in the Potash Corporation of Saskatchewan. We reduced staff and we brought in a new management team to turn the potash corporation around. The government is now considering a number of options.

(1545)

Mr. Speaker, the hon. members opposite don't like to hear about potash, and the dismal failure it has become as the prime place of their economic development

initiatives. And I can assure the hon. members, Mr. Speaker, that we will have ample opportunity during this session to debate the potash industry, and I know that the deputy leader of the members opposite will be most interested to recall some of the speeches he made as the fathered potash nationalization through this very Assembly, Mr. Speaker.

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

**Hon. Mr. Lane:** — The government is considering a number of further options, including writing off the corporation's liabilities of some \$500 million. This would provide the corporation with the flexibility necessary to restore its financial affairs to a healthy balance. Mr. Speaker, the government must review all of the alternatives available to us to revitalize the potash industry in Saskatchewan, and we expect to have more to say on that later this session.

Mr. Speaker, this government has taken steps to assist smaller communities in rural Saskatchewan to identify and pursue local economic development opportunities. For example, in last year's budget I announced that financial assistance would be made available to municipalities interested in establishing community development corporations. And recently the Minister of Rural Development announced the establishment of our first rural development corporation. Mr. Speaker, the Poplar Hills rural development co-op will encourage job creation in six rural and urban municipalities in the south-west corner of Saskatchewan.

And I'm pleased to announce that we will be taking another important step to build on our business initiatives. We will establish an entrepreneur institute as a means to diversify the economy, establish new enterprises, develop business opportunities, and create more jobs. We will be consulting with the business community, organizations, and educational institutions to develop a consensus on the form the entrepreneur institute should take.

The government is committed to continuing the development of Saskatchewan's tourist industry. The tourist industry brings almost \$1 billion annually into our province. But there is much more we can do to develop Saskatchewan's potential as a tourist destination. Through TISASK (Tourism Industry Association of Saskatchewan), the tourist industry and the provincial government have co-ordinated their efforts to attract new visitors to our province, with impressive results. However, we must continue to develop the skills . . .

**Mr. Speaker:** — Order, please. Order, please. I'm sorry, but the interruptions are starting once again. I can see hon. members want to get into the debate and the time is fast approaching when they will have their turn. So I just please ask you to refrain from once again entering the debate from the seats.

**Hon. Mr. Lane:** — Thank you, Mr. Speaker. I will repeat for the hon. members' benefit that the tourist industry brings almost \$1 billion annually into our province, but there is much more that we can do to develop our potential as a tourist destination. Through TISASK, the

tourist industry and the provincial government have co-ordinated their efforts to attract new visitors to our province, with impressive results. But we must continue to develop the skills of employees in the tourism and hospitality industry. Accordingly, the government, in partnership with the hospitality industry of Saskatchewan, will establish a tourism and hospitality institute to bring a new level of professionalism to the industry to enhance our competitive position in the tourism market-place.

Since 1982, Mr. Speaker, we have achieved some significant progress in agricultural manufacturing and processing. For example, Intercontinental Packers in Saskatchewan is in the midst of a \$24 million expansion of its plant, and is aggressively marketing gourmet meats in the United States. The Gainers plant in the Battlefords will create up to 185 new jobs and provide an annual payroll of \$3.5 million to that community; and Thomson Meats in Melfort has completed a major expansion.

New manufacturing and trade opportunities have been created in other industrial sectors. For instance, Canapharm in Wolseley now manufactures intravenous solutions for the health care industry. Marubeni-Hitachi will build an electrical turbine generator plant in Saskatoon to supply the Shand power project and other customers. It will be the first Marubeni-Hitachi manufacturing plant outside of the country of Japan. Vanguard Industries is producing recreational vehicles in the Battlefords. Hi R Door will soon be manufacturing insulated doors in the same industrial park. Phillips Cable is producing electrical cable at a new plant in Moose Jaw to serve the prairie and the United States markets. Weyerhaeuser Canada is building a \$250 million paper-mill in the city of Prince Albert. And Northern Telecom has recently consolidated its fibre optics manufacturing and research in Saskatoon.

Saskatoon has become a high-tech centre within the province attracting new high-tech research and business projects. Total sales of Saskatchewan high-tech goods and services have grown to over \$500 million from just \$81 million in 1982.

Three years ago this government announced, Mr. Speaker, the establishment of a venture capital tax credit program to encourage investment in new manufacturing and processing activities. And last year the program was expanded to encourage economic development in the smaller centres of this province. I am pleased to report to this Assembly that the venture capital program has encouraged the investment of more than \$50 million in over 100 new businesses in our province. And these are new businesses, Mr. Speaker, creating new jobs in communities all over Saskatchewan. And the government will continue to encourage Saskatchewan people to invest in their own province and we will continue to use the tax system to encourage them to invest.

As part of last year's budget, I announced the introduction of two new tax initiatives to encourage investment in Saskatchewan. Through the stock savings plan, more than \$17 million has been invested in Saskatchewan-based public companies, operating in a

variety of industries including oil and gas, precious metals, and the financial sector. The people of Saskatchewan will soon have an opportunity to invest in a new share offering of Saskoil under the stock savings plan, and other initiatives are being considered.

We will also extend an invitation to employees to invest in Saskatchewan through the labour-sponsored venture capital tax credit program. This program provides the opportunity for employees to invest in small and medium-size Saskatchewan businesses.

Over the past five years, Mr. Speaker, Saskatchewan has maintained one of the lowest unemployment rates in Canada despite the difficulties faced by our agricultural and resource industries. In 1986, our average annual unemployment rate was 7.7 per cent, almost 2 percentage points below the national average, and this is in large part attributable to the success of our economic development initiatives and other employment generating activities such as the home program. The home program has succeeded in generating employment for many Saskatchewan workers. By April of 1988, the program is expected to stimulate almost \$850 million of new investment in the province while creating 19,000 jobs.

We will continue with our policy of encouraging economic diversification, Mr. Speaker, to create new jobs. We will also continue to provide opportunities for people with special needs.

When we came to office we inherited an outdated welfare system that offered no hope. It encouraged dependency and abuse, resulting in escalating costs. In 1984, Mr. Speaker, this government began the process of welfare reform by reducing dependency through the development of training programs and employment alternatives that encouraged people to work. Saskatchewan skills development program has provided educational upgrading and training for 8,700 people. More than half of the program trainees have been single parents, and they have received special allowances to cover child care costs and incidental expenses relating to their participation in the program. Mr. Speaker, we will continue to invest in their future, and this year we have committed some \$6 million towards educational upgrading for social assistance recipients.

In 1986 Saskatchewan signed a federal-provincial agreement to provide welfare recipients with valuable on-the-job training and work experience. The Saskatchewan employment development program has provided jobs for 7,000 welfare recipients, approximately one-third of whom were single parents. Based on our success to date, I am pleased to announce that \$13.8 million will be provided in the coming year to continue these efforts, and this is another example of this government's commitment to help individuals who want to become self-sufficient members of their communities. Saskatchewan support programs for single parents are nationally recognized, and other jurisdictions have shown great interest in our initiatives.

Earlier this year the government continued its reform of the welfare system by initiating new work training projects in Saskatoon and Prince Albert. The project in Prince Albert is managed by Par Industries, a non-profit corporation with an impressive record of employing disadvantaged people. This new initiative is already paying dividends by reintegrating welfare recipients into the work-force.

The welfare reform initiatives undertaken by this government have now reduced social assistance costs by \$50 million from what they would have been under the previous government's system, and these savings have been reinvested to provide meaningful training, skills upgrading, and employment opportunities. Mr. Speaker, through our welfare reform initiatives we have taken steps to reduce fraud, to reduce dependency, and to hold out hope for a better life ahead. And we have invested in the future of these people who need a second chance, Mr. Speaker, by encouraging them to work. And this government, Mr. Speaker, as we have said before, will stay the course of welfare reform in Saskatchewan.

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

**Hon. Mr. Lane:** — Mr. Speaker, I would like to announce the final reconciliation of the 1986-87 fiscal year. Actual revenues for '86-87 totalled \$2.8 billion, a drop of 448 million from the estimate of last spring. Expenditures totalled \$4.35 billion, an increase of 287 million. As a result the deficit for the fiscal year will be \$1.235 billion. As I noted in the March "white paper", the deficit increase was primarily attributable to sharply declining resource revenues and the concurrent demand for increased expenditures. In the March "white paper", I also noted that if no changes were made the projected deficit for 1987-88 would reach \$1.5 billion, and I announced at that time the government's intention to trim that deficit to \$700 million.

A rigorous review of government spending activities and increases . . .

**Mr. Speaker:** — Order, please. Order, please. I regret to once more have to rise this afternoon to ask hon. members to please refrain from entering the debate from their seats. Now I have done this several times this afternoon and, as you are well aware, I have been very patient before I have risen. So I ask you once more to allow the Minister of Justice to finish his speech without constant interruption . . . Order. Order. Order, order!

I'm sorry, the Minister of Finance. That's fine. We know who we're talking about. But let me once more ask hon. member to my left — as they are well aware, I have been very patient this afternoon — and I would ask them once more to allow the Minister of Finance to finish his speech.

**Hon. Mr. Lane:** — Mr. Speaker, as I indicated, a rigorous review of government spending activities and increases in certain charges and taxes have reduced that figure to \$577 million.

Total government expenditures for 1987-88 are forecast at \$3.78 billion, an increase of .9 per cent over 1986-87

estimated expenditures of 3.748 billion. The revenue forecast for 1987-88 is 3.203 billion, a decrease of 156 million from the last year's estimate. Compared to actual 1986-87 experience, expenditures next year will decrease by \$255 million, or 6.3 per cent, while revenue will increase by 403 million or 14.4 per cent from all sources including equalization.

1987-88 capital financing requirements are estimated to total \$1.535 billion, of which 958 million will be for the purposes of Crown corporations, and 577 million will be for government purposes. Debt retirement is expected to amount to \$670 million, resulting in an increase in public borrowing of \$865 million in 1987-88.

Borrowing by the province from the Canada Pension Plan Investment Fund is estimated at \$120 million, leaving \$1.415 billion to be raised in various capital markets during 1987-88.

Mr. Speaker, improving the financial management of government and diversifying the economy to protect our future will be a challenge. But the people of Saskatchewan have faced many challenges before. The people of this province came from all parts of the globe, but they shared a common purpose to link their isolated communities together. And they shared a vision that together they could overcome the challenges of geography and climate to create a unique way of life.

The early pioneers settled a vast fertile area, and in doing so they built our first schools, hospitals and roads. Later generations built telephone, power and natural gas networks which now extend throughout Saskatchewan. Mr. Speaker, many of these activities were undertaken in difficult financial and economic times, but they were achieved through prudent financial management. There was much to be done and they did it.

Mr. Speaker, in the course of building up this province previous generations have passed on to us many material benefits, but they have also left us with a more important tradition — an innovative approach to getting things done and a common sense set of values and encouraged us to look forward, to look outward towards the world with a sense of optimism and confidence. And this government is building on that tradition.

Since 1982, this government has expanded the natural gas network in rural Saskatchewan. We have extended television services to our smaller communities, and we have initiated a five-year program to provide individual line service to subscribers in rural areas. We have constructed new hospitals, new nursing homes and new schools throughout the province. And this government is determined to continue to build on its past accomplishments and, like earlier generations, we will continue to manage the public purse in a prudent manner.

Mr. Speaker, in protecting our social institutions and offering economic opportunity to build for the future we will continue to make a conscious effort to utilize the vision and the vitality of the people of this province. We will continue to draw upon their desire to encourage initiative, innovation and productive effort. The people of

Saskatchewan, Mr. Speaker, are builders, they're not buyers, and the government they elected in 1982, and re-elected in 1986, shares their vision of Saskatchewan.

Mr. Speaker, the people of Saskatchewan are now anxious to get on with the job of building for the future. In the election campaign last fall, in the Speech from the Throne and in the March "white paper", this government reaffirmed its commitment to work with them to achieve that goal. This budget is in keeping with that commitment.

Mr. Speaker, I move, seconded by the member from Souris-Cannington:

That this Assembly do now resolve itself into the Committee of Finance.

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

**Mr. Tchorzewski:** — Mr. Speaker, this is a budget of betrayal. It is a budget that has been written by a dishonest cabinet directed by a Premier who has betrayed the trust of the people of this province.

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

**Mr. Tchorzewski:** — And once again this budget has been presented by a Minister of Finance, today, in the same dishonest way that all previous budgets of this government have been presented since 1982.

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

**Mr. Tchorzewski:** — And I submit to you, sir, that for years to come June 17, 1987 will be remembered by the people of Saskatchewan as a very black Wednesday, the day that our great province was thrown into a tail-spin by one of the most senseless and destructive budgets in our history.

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

**Mr. Tchorzewski:** — Why do I say that about betrayal, Mr. Speaker? I say it because the facts are undeniable. Last fall, those Conservative candidates campaigned across this province, and they were telling voters the following: they said the deficit is not a problem. They said, it's manageable. They said, we have it under control. Every single one of those members on the government benches made those comments to their constituents. The Premier said it, the member from Wascana said it, the member from Kinistino said it wherever they went. In fact those members, Mr. Speaker, told voters that the economy was so strong that the government could afford a series of new spending programs. And their campaign slogan, which I think will be remembered for a long time, went on to say, keep on building Saskatchewan.

I say to the Premier and to the Minister of Finance that the people of Saskatchewan will remember this for a long time to come. What a transformation. Just 10 months later the government tells us all that the provincial economy is in dire straits, that the budget deficit is out of control, and that everything must be sacrificed in order to reduce this

deficit. And I say to you, Mr. Speaker, and to the members of this House, and to the people of Saskatchewan, what a betrayal!

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

**Mr. Tchorzewski:** — Rather than building this province, rather than building Saskatchewan, the government has set about dismantling it. Vital public services like medicare and our education system have been undermined. Students are being turned away from our universities and our technical institutes. They used to have no jobs; after the Minister of Finance's address they no longer have any hope.

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

**Mr. Tchorzewski:** — Our health care programs with this budget are being ravaged, so that the people will once again, in this province, live in fear. They will live in fear of catastrophic health care costs if they happen to get sick. This budget begins to turn the clock back over 25 or 30 years to a period of time before medicare.

And I say to the members opposite and to you, Mr. Speaker, that rather than building for the future, this government has been turning the clock back. They live in the past.

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

**Mr. Tchorzewski:** — And I know that the people of -Saskatchewan who watched the presentation of the Minister of Finance are asking, and others will be asking: what has changed? What happened between October and today? The answer is one thing and one thing only. In the opinion of this cynical government, an election has passed.

Last fall, Mr. Speaker, when this Conservative government said that the deficit was well under control, and that it was managing the finances of this province efficiently, it lied. It lied. Plain and simple. And I challenge the Premier to have the courage to stand up and deny it, if and when he is prepared to take part in this debate.

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

**Mr. Tchorzewski:** — And I say to him that while he is contemplating what he is going to say, he should be reminded about some of the things he said in his first speech on this government's first budget when he said, on June 23, 1982, when he stood in his place, he said:

The working men and women of the province of Saskatchewan on April 26 voted for the government that: (1) they could trust . . .

Well, Mr. Speaker, if those people of Saskatchewan indeed did that, that trust has been betrayed today. On that same day, I remind the Premier — and he should contemplate on that as well — in that same speech he said when he talked about why the people voted the way they did, he said because they wanted a government that they could control.

(1615)

Well, Mr. Speaker, today we saw evidence of a government that's out of control. Without consultation, without any consideration for human or social costs, program after program important to Saskatchewan people has been destroyed. Day after day, cabinet ministers have sat around in the secrecy of the cabinet chamber, and from time to time one of them would venture out and attack another vital public service or public servants.

Mr. Speaker, the only way that the people of Saskatchewan controlled this government was through the threat of legal action to get them back into this Chamber where they can be held accountable for their actions.

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

**Mr. Tchorzewski:** — And finally, I remind the Premier that in that 1982 debate he said one other thing. He said, the people, and I quote:

... want to see a government which is sensitive to the needs of working men and women in this province.

Now I ask: where is this sensitivity when faced with an unemployment of almost 40,000 people in this province, this Premier and this government and this Minister of Finance add hundreds more with this budget, to the unemployment lists.

Where is the sensitivity, when many families and our elderly will see their prescription drug costs increase by as much as \$500 a year or, in some cases, even more? Where is the sensitivity, Mr. Premier, in those kinds of circumstances?

I have here a letter which was sent to the Premier on June 11, and I want to raise it here because I think it's significant. In that letter, which is written by someone whose father is on some substantial amount of prescription drugs, it is said that under this prescription drug change that the government is announcing here today, the cost of this individual for the drugs for prescription purposes will be \$500 a month. And even after the rebate, and even after the deductible, this person who is on disability pension is going to pay over \$1,000 a year more for his prescription drugs.

I ask you, Mr. Premier, is that sensitive? I hope you're proud today of what has been accomplished with this budget to those kinds of people, because we're not.

Mr. Speaker, today this government is claiming that Saskatchewan's budget deficit is the only problem, and that it has no option but to cut public services and raise the taxes of ordinary people to get the deficit under control. I submit to you, Mr. Speaker, that that too is dishonest. This government has options. It has options to the cruel and the hurtful and the destructive and the senseless steps that it has taken today and over the past number of months. And I will be discussing those options when I speak again in this debate.

But right now I want to say to the people of Saskatchewan this government deceived you last October. It deceived you when it said that the deficit was no problem. But equally it is deceiving you today when it says that the deficit is the only problem, and that it has no option but to cut vital public services. You are told, people of Saskatchewan, that you have to pay more, but you're going to get less.

This government has options. It has made a choice to make families, the sick and our elderly and our children, pay for its mismanagement. New Democrats say that that's the wrong choice.

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

**Mr. Tchorzewski:** — It seems, Mr. Speaker, that this government and this Minister of Finance are simply incapable of being truthful with the people of Saskatchewan. They have been dishonest with the public for more than five years on issue after issue, and this budget speech simply continues their record of deceit and betrayal.

Now the minister claims that he has reduced the budget deficit. First, in March he issued a paper in which he provided an inflated figure, or fabricated figure of what the deficit might be. Now he talks of a deficit that might have been, and claims that he has reduced the deficit from that phantom figure. Now the minister complains about the past. But surely he's got to understand that he must have known about the past since 1982, and yet the government proceeded on the course which provided an accumulated deficit which is now going to be well over \$3 billion.

And I say to him, Mr. Speaker, no matter how he tries to disguise it, the deficit for this budget year will be \$557 million — more than one-half of a billion dollars of red ink. And that's a jump of 48 per cent from the deficit the government announced in its pre-election budget in March of last year.

And what does this all mean? What does this all mean, Mr. Speaker? It means that the government has come to power ... when it came to power in 1982, now has accumulated a budget deficit of \$3.4 billion. That's \$3,400 in new debt for every man, woman, and child in Saskatchewan since this government took office. That's \$13,200 in new debt for every family of four living in Saskatchewan. Another promise, Mr. Speaker, that has been broken — another betrayal.

In 1982, this government took office on the promise that it would eliminate the gas tax. Remember that? No one can argue, and I would not argue that that campaign promise was one of the main reasons why this government was elected in 1982. In fact they said, and I quote, never again would Saskatchewan suffer a gas tax. The Premier said it; the members opposite said it. In fact they even said, not as long as there was a PC government in office in Saskatchewan.

Today, Mr. Premier, and Mr. Minister of Finance, you

have broken that commitment; you have betrayed that trust. And Saskatchewan people will be paying a gas tax of 7 cents a litre or 32 cents a gallon extra. For an average car that means \$6 every time they fill their tank. Oh, and I know the minister, he says, oh but we'll give individual drivers a rebate. All people have to do is save their gas receipts. This from a government who promised to cut government red tape.

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

**Mr. Tchorzewski:** — Another betrayal and another broken promise. And I point out, because it's important, that the gas tax rebate applies to individual drivers only. It does not apply to vehicles owned by local governments who have been devastated by the cut-backs that have been announced by this government in past months. Municipalities and school boards will all get stuck with the full cost of the 7 cent per litre or 32 cents a gallon. And the Minister of Finance says on the one hand, that individuals will get a rebate; and then on the other hand, he makes sure that it is taxed away through higher property taxes.

And I think one other example to show the unfairness of the judgements and the choices that these people have made and the Minister of Finance announced today is the example of the special buses that are owned by the Saskatchewan Abilities council, which transport people with disabilities. They will have to pay the full tax, Mr. Speaker. That's the Conservative view of fairness. That's the Conservative view of fairness.

Now the Minister of Finance announces also a 2 per cent jump in Saskatchewan provincial sales tax — another betrayal. In 1982, the Conservative Party campaigned on the promise that it would eliminate the provincial sales tax, and I'm sure that they all remember. They even said that they would do it in the first term of office. But in this budget, Mr. Speaker, it has increased the sales tax from 5 percentage points to 7 percentage points — a 40 per cent increase.

In 1982, Mr. Speaker, I remind those members opposite again that they had another major campaign promise, and that was to cut personal income tax by 10 per cent. Well, Mr. Speaker, what do we have instead? This government hikes the unfair flat tax from 1 per cent to 1.5 per cent — a 50 per cent increase. Another betrayal, Mr. Speaker, and another solemn promise broken by this government and by this Premier and by this Minister of Finance today.

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

**Mr. Tchorzewski:** — Now in agriculture, Mr. Speaker, even the farm purchase program is gone in this budget. Another major campaign commitment gone, another betrayal. Now in 1982 and 1986 this same political party that now sits as government promised to make health care in Saskatchewan — and I quote so I will not be wrong — “number one in Canada.” That budget we heard today betrays that promise too.

The prescription drug plan has been decimated and the sick of this province will be hit with the economic hardship of huge prescription drug bills. What we will have is a two-tiered health system, one for the rich and one for everyone else. We see the children's dental plan cut. The minister announces that rural hospitals — he doesn't announce it, but it's certainly there — are threatened with closure. And this is making Saskatchewan

number one in health care. I ask? Is this looking after rural Saskatchewan, I ask?

I heard the Minister of Finance when he spoke. I heard the Minister of Finance say that protecting the medicare is a priority of this government. It even shows up in the budget speech. And the fascinating thing is that he even said it with a straight face. And then he claims that he has to cut medicare in order to save medicare. What kind of double talk is that?

The minister's comments remind me of a United States marine in the middle of the Vietnam war who tried to explain to reporters that the American army had just destroyed and devastated and obliterated a village in order to save it from communism. Clearly, Mr. Speaker, this government has betrayed its promise to maintain and to support our health care system. Nothing they say can be believed, Mr. Speaker.

Members opposite will debate and they will say, well, we're doing everything that we said to the people we would do. Well let me just bring to the attention of this House and to the attention of the Saskatchewan public what these people have said. Here is another one of those famous guarantees of the Conservative Party. It's an ad that was run in one of their elections. I will read it for the record. It states:

A Progressive Conservative Party of Saskatchewan is committed to continue the medicare system in our province. The Progressive Conservative Party of Saskatchewan rejects any form of deterrent fees or health insurance premiums.

And hear this:

The Progressive Conservative Party of Saskatchewan will abolish the unfair deterrent fees on prescription drugs.

Who is it signed . . . well it's interesting. Another lie. Who is it signed by? It's signed by, lo and behold, Gary Lane, MLA, Qu'Appelle.

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

**Mr. Tchorzewski:** — This chameleon, once Liberal, now Conservative, bringing in a Liberal budget. He learned from Davey Stuart in 1968, but he didn't learn the right things. And he's modelled everything he's done on that budget of 1968. And I ask and I remind him, where is Davey Stuart today?

Now maybe the Senate isn't all bad, but the government of that day did not last very long, and it prompted that member who is now the Minister of Finance to switch parties from the Liberal to the Conservative Party because that was the most opportune thing to do at that time. His options have become very narrow.

Now there was another comment, there was another comment that the minister made with respect to health care which I just cannot let pass. In Saskatoon today, Mr. Speaker, it was mentioned in question period, we have nearly 10,000 on the waiting list for a hospital bed — people in pain, people living in fear of their condition deteriorating and getting worse. In Regina there are thousands more. But the Minister of Finance, his only solution is, he says, and I believe — I think I wrote this down correctly — he says Saskatchewan doesn't have a hospital bed shortage; we have a distribution problem.

And while we have long waiting lists in the cities, beds in rural hospitals are under-utilized. What does he propose? That the people who need surgery should move? Some solution, Mr. Speaker.

The Minister of Health. I cannot leave him alone. The Minister of Health announced that the best children's dental care program in the western hemisphere would be destroyed by this government, last week. And the Minister of Finance, in his speech today, tried to justify it. Now the Health minister said — and it's important to note because it reinforces the betrayal and the deceit that has taken place here — he said that the government expected to save \$5.5 million from the changes that he announced. He said that the cost of the plan was out of control, and that it could be provided at less cost through private dentists. And now we have a government document . . . now there is a government document, his own document, showing that essentially no money will be saved.

The minister went on further to say in his announcement that these things, even though . . . his own annual report said something else. He had it on his desk. That annual report showed that the cost of service to adolescents by private dentists average \$103.52 a child, but by dental therapists under the dental plan, it was \$91.98 a child. And he tried to mislead the public by saying that it was more costly under the arrangement of a very good plan. He deliberately deceived Saskatchewan people. He ignored the fact that the cost of the dental program had actually dropped from \$92.56 per child to \$91.98 a child over the period of one year, and that the cost provided by private practitioners had increased.

The government, Mr. Speaker, had a choice. And they chose the most expensive alternative, and they call it fighting the deficit. Now, Mr. Speaker, I find it very regrettable that with all of the talk of the need for reform to our tax system, the Minister of Finance once again passed by the opportunity to make our tax system in this province fair to everyone.

Instead, this budget continues this Conservative government's record of huge tax increases for ordinary people and tax breaks for big business and the wealthy. Since taking office this government has hit the average Saskatchewan taxpayer with the biggest tax hikes in the history of this province while letting the oil companies and the banks and the wealthy investors off scot-free.

(1630)

And I just want to examine for a moment, Mr. Speaker,

what these latest tax increases mean to ordinary people. Let's take a look at the family of four. If they drive a car they will pay a 7 cent a litre or 32 cent a gallon gas tax each time they fill up. If they drive 12,000 miles a year, which is an average distance people drive, they will pay an extra \$128 a year for gas. And to put it another way, they'll pay an extra \$6 a tank every time they fill up. If that same family has an income of \$25,000 they'll pay an extra \$125 in flat tax as a result of this budget. And if that family of four purchased \$5,000 worth of goods over the year — that's not unusual — with the new 7 per cent provincial sales tax, they're going to pay another \$100 in taxes. And so that this family of four with a net income of \$25,000 — not a princely sum of money — is going to pay a minimum of \$353 in additional taxes this year because of this budget we heard today.

What will they get in return? Well, they're going to get higher property taxes; they're going to get higher prices that they'll have to pay for prescription drugs; they're going to see a crumbling dental care plan for children; they're going to have less coverage under the chiropractic program; and, if they're farmers, they don't have the farm purchase program any more. And they're going to lose educational opportunities. And only those at the patronage trough of this government are going to benefit from that increase in taxation.

All this, Mr. Speaker, all this from a party which came to power promising to cut everybody's taxes, the tax increases which hit every family and every individual in Saskatchewan.

The flat tax, the new gas tax, the sales tax increases will take more than \$400 million out of the pockets of Saskatchewan people. More than \$400 million which will not be spent in the small business places in Saskatchewan, in the stores, and in the shops — is it fair? It's only fair if it compares with everybody else equitably.

Well what about the oil companies? In this budget no mention was made of any change from the tax holiday announced last December. What about the banks — no tax increase. The only tax change for corporations, according to the budget speech, is an increase in the corporate capital tax for trust and loan companies. And according to the Minister of Finance, in his budget speech, that will bring something like an income increase of \$2 million a year. A revenue increase of \$2 million a year. He is going to take \$400 million in tax hikes from the large corporations — is that fair? And to put it another way, Mr. Speaker, in simple terms, the tax increase which the trust and loan companies will pay is equal to about five days of the gas tax. That does not sound to me like sharing the load or making equal sacrifices which the government pretends it is doing with this budget.

Now, Mr. Speaker, the government will no doubt, dismiss our concerns about his budget and its impact as just gloom and doom from the opposition. That's what they will say. But I want to say to this government that we are not alone in expressing concern about his government's direction. Many, many Saskatchewan people are angry,

frustrated, and worried about the decisions that this government is making, and among them are our church leaders who last month met with the Premier and his cabinet to express concern about the number of the government's policies. And they had some good advice for the Premier and the government. But that advice was ignored. And I find that a troubling commentary on the government's priorities.

The words of Saskatchewan's church leaders are well worth noting. In their brief, they said — and I want to quote a couple of sections — they said:

Saskatchewan has a history of concern for its citizens, and its government has often eloquently demonstrated its commitment for the common good.

And the church leaders went on to urge the Premier and the Minister of Finance, and they said this:

Ponder seriously the effects many of the actions you have taken will have on the people of Saskatchewan and, more particularly, on those who have very little voice and almost now power.

And their brief went on further to say:

The cut-backs being announced are creating an atmosphere of uncertainty, mistrust, even fear, at many levels of our society.

Well the Premier and his cabinet have obviously ignored the concerns of these church leaders because since the meeting which took place in May, the government has announced a steady stream of cuts in important social programs like health care and education. The attacks on the poor, the disadvantaged, and the defenseless have, if anything, been escalated. Saskatchewan tradition of caring and sharing, of neighbour helping neighbour, has been abandoned by this government, and with it any commitment to the common good or sense of moral purpose.

Mr. Speaker, I want to conclude, before I adjourn, with this. An important characteristic of good government is that it be and be seen to be in charge, and having a clear sense of direction. But equally important, good government must be and be seen to be treating all citizens fairly, with sensitivity, honestly, and sensitivity to their needs and aspirations. Unfortunately, it seems that this Saskatchewan government today is too busy worshipping at the altar of the Fraser Institute to hear or to understand the concerns expressed by our church leaders and by the ordinary people of our province, and that's why we have had the kind of budget we heard here today.

Mr. Speaker, this budget is a betrayal. I have a great deal more that I want to say on behalf of my colleagues, and they do as well, but at this time I wish to ask leave, Mr. Speaker, to adjourn this debate.

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

Debate adjourned.

## Resumption of Budget Debate

**Hon. Mr. Berntson:** — Mr. Speaker, by leave of the Assembly, I move, seconded by the Minister of Justice:

That debate on the motion that this Assembly do now resolve itself into Committee of Finance be resumed on Friday, June 19, 1987.

Motion agreed to.

**Hon. Mr. Berntson:** — Before adjournment of the House, I have been asked to announce on behalf, and invite all members and all guests, on behalf of the government, to a tea in room 218 which is just down that corridor, and all members and guests are very welcome.

And with that, Mr. Speaker, I move this House do now adjourn.

The Assembly adjourned at 4:36 p.m.