

The Assembly met at 2 p.m.

Prayers

ROUTINE PROCEEDINGS

INTRODUCTION OF GUESTS

Mr. Muller: — Mr. Speaker, it gives me a great deal of pleasure today to introduce through you to the members of the Assembly and all the guests here today, 17 students from Choiceland, grade 12 students, their teacher, Larry Gill, who are seated on the Assembly floor, and Murray and Donna Lee, who are seated in the Speaker's gallery.

I really want to wish them an enjoyable day today in the legislature. I hope they have a good trip home, and with that I'd ask all members to greet them in the traditional manner.

Hon. Members: Hear, hear!

Mr. Koskie: — Thank you, Mr. Speaker. This afternoon I will have the honour on this side to represent our party in responding to the budget speech, and I want to welcome here to listen to me my son Douglas, another Koskie, and his friend Michael Wourms from Annaheim, I welcome you here.

Hon. Members: Hear, hear!

Mr. Gardner: — Thank you, Mr. Speaker. I would too like to welcome some guests to the Assembly this afternoon. They are 14 high school students from the Kamsack Collegiate in Kamsack. They are seated in the west gallery. They're here with their teacher, Gary Alzomal.

They are also members, either in all or in part, of the high school debating team and/or their business club. So we would anticipate from this group of students that's here today that we're going to see either some future stockbrokers and/or politicians. And I would hope that everybody here would help me in welcoming them in the usual manner.

Hon. Members: Hear, hear!

Hon. Mr. Berntson: — Mr. Speaker, I want to introduce to you, and to all members and guests in the Legislative Assembly, a delegation from Trinidad & Tobago. And they are: first, the Hon. Dr. Albert Richards, Minister of Labour and Minister of Energy from Trinidad & Tobago; Dr. Jeff Davidson, and Dr. Davidson is chairman of the Tobago House of Assembly, and in addition is chairman of the Prime Minister's committee on reconstruction. We have Mr. Michael Barzey, a consultant to the government; and Mr. Nathaniel Crichlow, who's a union leader and member of the planning commission in Trinidad & Tobago; and Mr. Patrick Kangalos, managing director of security and investment and a member of the planning committee.

Mr. Speaker, this delegation has been in Saskatchewan since last Sunday, spent the last four days here visiting with people at Public Participation, at SaskPower, at Agdevco, and others, with a view to exchanging ideas as

it relates to reconstruction and public participation, etc.

I do sincerely hope, and I have confidence in the fact, that the exchange has been useful, Mr. Speaker, and I would as the members of the delegation to rise and be recognized, and I would ask all members here to join me in a tropical Saskatchewan welcome.

Hon. Members: Hear, hear!

ORAL QUESTIONS

Proposed Private Pension Corporation

Mr. Romanow: — Thank you very much, Mr. Speaker. My question today is to the Premier, and it relates to today's *Leader-Post* story dealing with a proposed new private pension corporation. Mr. Premier, in view of the fact that important details about this new pension corporation have apparently been revealed on the front page of the *Leader-Post*, but not other important details, and also in view of the fact that thousands of families have a direct stake in this through their pensions and the eventual outcome of the program, I wonder, sir, whether you will undertake to table in this House on Monday the written details with respect to this new proposed investment corporation, including the shareholders' agreement, the mandate of the corporation, and the management structures.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — As minister responsible, I will advise the Leader of the Opposition that there are still negotiations going on with the representatives of the various pension funds. I can assure the hon. Leader of the Opposition that if the superannuation boards accept the request that the agreements all be released when they are signed, I am more than pleased to respond to that.

As well, I can advise the hon. member that when negotiations are completed - and I must say that they are, I believe, very close to being completed - legislation will be required. I'm sure there will be ample opportunity at that time to discuss it. I would like to be able to make the commitment of releasing that information, but I think it would be proper that I get the approval of the pension funds and their representatives.

Mr. Romanow: — Mr. Speaker, a new question either to the Premier or the Minister of Finance. I think the request for the release of the information is a reasonable response. I would urge the government that, given the details of the story, this request be made early and the details be made public early, since it's the subject of a lot of rumour and other thoughts in the absence of the full details.

But my question to the Premier or to the Minister of Finance, pertaining to this story, also relates to the question when put to the Minister of Finance about the auto fund, and other aspects of it. And the Minister of Finance is quoted in the paper as saying that he misunderstood - this is the exact quotation - the plans for the new pension corporation. I might say, Mr.

Speaker, a rather surprising admission by the Minister of Finance, but not such a surprising fact to those of us who know how he estimates on budgets, and the like.

Some Hon. Members: Hear, hear!

Mr. Romanow: — But nevertheless, with respect to the confusion question, Mr. Premier, will you clarify this, because the Minister of Finance is somewhat confused. It is true or not, that the administration of the auto fund, our car insurance plan, is being transferred out of government hands and being placed in the care and the trust of this new pension corporation? And if this is true, why is it that your government has been denying this up to now?

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Far be it for me to talk to the hon. member about confusion as we try and find his stand on the free trade agreement, which varies depending where you are in the province and who's listening.

But having said that to the Leader of the Opposition, what I indicated to the reporter when the discussions began, as to both the need and who or which plans would be involved in the new pension corporation - and understand that the pension corporation is strictly the administration; the carriage of the plans is still with the superannuation boards or the boards that presently manage the pension plans - that the auto fund would not be involved because of the discussions of privatization. We didn't want them to be related or seem to be related.

That's my fault; I didn't communicate that as strongly or as well as I should have to my officials. They went through the normal discussions with all parties, all administrators of pension funds, and when it came to the final conclusion, it was recommended that that be in. Keep in mind that it's not taking possession of the funds; or, the possession of the funds still remains with those presently administering the funds.

Mr. Romanow: — Mr. Speaker, a new question. I thank the minister for that slight clarification of the problem, but I want to speak to the question of the auto fund more particularly by asking you, sir, or the Premier, if you'll advise the House who it is that will actually manage the funds of the new investment corporation.

Is it not correct to say that the management of these funds will be, in effect, in the hands of - and I don't mean this in any pejorative sense - but the large companies in pension business or financial operations who'll be doing the actual investment of the funds that will be transferred over to the new investment corporation, and that includes auto funds?

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — That's not correct. There are two objectives overall with regard to a new pension corporation. The difficulty that we face is that right now under government administration there are pension funds of roughly \$3.6 billion. Because of the pension changes made in 1979, that will rapidly escalate, so that our estimations about 1991, that the funds under

administration could be anywhere up to 8 or \$9 billion.

What we want to see are two things: one, we want to ensure that we have the professional expertise here in Saskatchewan to manage those funds; secondly, that as a result of the expertise that we hope to be able to attract here, not outside the province, that there will be a - it's to be expected and hoped - a higher rate of return for the employees who have moneys in the pension corporation or in the pension funds.

Keep in mind what I said in an answer earlier, that the actual possession of those funds will remain throughout with the plan members through their superannuation boards that they have selected for some considerable period of time. They will still have the override to the operation of this plan.

Mr. Romanow: — Mr. Speaker, a new question to the Premier or the Minister of Finance. I hear the Minister of Finance, but the reality is that somebody or some agency will actually be responsible for the task of managing the funds, the day-to-day decisions, that won't be the board of directors of the new investment corporation or the constituent elements of it, and somebody is going to have to be responsible for the administration of the relevant legislation.

To give you but one example: take The Automobile Accident Insurance Act - someone will have to administer that; or the workers' compensation fund; or the teachers' superannuation fund. When claims are being made on pensions, when adjudications are being, from an injured worker or from an aggrieved motorist or from a concerned pensioner, who makes those decisions if not the large corporation that actually does the administration of the legislation and the funds.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — The hon. Leader of the Opposition doesn't understand that there are two aspects: one, the actual administration of pension funds is altogether different than the operation, for example of the Workers' Compensation Board. The Workers' Compensation Board will continue to act as the Workers' Compensation Board, or the automobile fund will still continue to operate, do the adjudication where it's appropriate. That has nothing to do with the moneys that these organizations have for investment purposes. They are completely separate from their operations.

Right now the investment of those funds - and as I say the amounts are rapidly escalating - are done by their investment boards in conjunction with the Department of Finance. All that we're doing, in a nutshell, is taking what Finance has traditionally done, putting it in a new pension corporation owned by the pension funds of Saskatchewan themselves so that we can, through that vehicle, enhance the ability of Saskatchewan to manage the funds in the best interest of the employees of the province. That's the objective.

Mr. Romanow: — Mr. Speaker, again I thank the minister for the objective. I repeat again that it would be to the benefit of all the members of the House and to the families

involved to have the documents tabled as quickly as possible to make sure that interpretation by that Minister of Finance and that government is accurate. I won't make my usual, but, I think, factual comments about the political accuracy of the government made there in other areas.

But let me direct this one question directly to the Premier of the province of Saskatchewan, and it pertains to the SGI (Saskatchewan Government Insurance) and the developments in today's story. Mr. Premier, my question is this to you: given the facts that the general commercial side of SGI is now on the auction block, that very unique Tory auction block on privatization or privatization - that's one arm of SGI - given the other fact that the auto fund will now be administered, not by SGI but be a new corporation - according to the newspaper reports, that's what it said today; table the documents; it says it in the newspaper reports - isn't it a fact that there's nothing left of SGI? And you've accomplished something that Ross Thatcher himself even couldn't do - you've done away with SGI.

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Well, Mr. Speaker, the Leader of the Opposition finally got to his political point. I mean, he's been laying with it for some time. Let me make it clear, the Minister of Finance has said the two operations are completely separate.

I'll say it again for the hon. Leader of the Opposition. We are encouraging the development of an investment corporation here to take the funds that we have in pension corporations and in pension plans and invest them by Saskatchewan people with the best expertise we can find, so that they don't have to go to Toronto and get somebody else - or - or New York - to do all the investment. We want to do it here for Saskatchewan People. That is completely separate from the operation of ongoing activities, whether it's the Saskatchewan auto fund, or whether it's workers' compensation, or any of these things.

Secondly, let me also say, Mr. Speaker, that we are actively involved in having the people of Saskatchewan participate in government, and we're very proud of that - from Sask bonds, from SaskPower bonds, from Saskoil shares. And we will continue to offer them, Mr. Speaker, and they like it. They invest hundreds of millions of dollars. I go back, and I'm sure the hon. member knows, when you look at the co-op movement here in the province of Saskatchewan, they've allowed people to have shares all over, and everybody participates.

I feel exactly the same way about government. We want the people of Saskatchewan to participate, and they will have the opportunity, Mr. Speaker, and that's what we're providing them right now.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Mr. Speaker, new question to the Premier. I note the Premier's talk about participation by Saskatchewan people, but the reality is, when you see the evidence of the Sask Minerals sales, that the only people who are participating are the big corporations of eastern

Canada and outside this country, and that's the case with Saskoil too.

Some Hon. Members: Hear, hear!

Mr. Romanow: — There is absolutely no doubt that the privatization that's taken place so far has given the highway workers the freedom to go without a job, with no new highways built. That kind of privatization we don't accept.

Some Hon. Members: Hear, hear!

Mr. Romanow: — But my question is this. If I am in error, then I ask, as I did in the first question, which you solve very easily by tabling the documents: don't hide; table the documents. The Regina *Leader-Post* says this - I quote:

Although technically a separate entity from SGI, the auto fund is administered by SGI (is administered by SGI, we all know that) and its financial statement is included in the SGI annual report.

Now if the administration of that auto fund is no longer SGI's - as the Minister of Finance says, it now goes to the new investment corporation, and if the general insurance is up for sale and being privatized, what's left of SGI? You succeeded where Ross Thatcher couldn't. You've done away with SGI. That's what I'm saying to you.

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Mr. Speaker, the hon. member wanted me to tell him whether he was in error or not. I'll tell him. You're in error. You're wrong. You've got it. You wanted to know? You're wrong.

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — The answer is that they are separate. You have the administration, and you have the investment of the pension funds, and you can't seem to separate those in your mind. I believe that you can, but you don't want to. Okay. It's like an awful lot of other things when it comes to public participation. You say, well I'm kind of for it, and they you stand up and say, but I'm against it for these reasons. I mean, you want to be on both sides of the fence; well, fair enough. That's the legacy of your political life, I suppose.

I will just say, Mr. Speaker, they are separate. The minister has said they're separate. I've said they're separate. Even the people who are managing the pension funds here in the province and administering those various kinds of activities have asked for Saskatchewan's own investment corporation. That's what we're going to provide. And you can call it public participation, or you can call it anything you like, but it will return a higher benefit to the people of Saskatchewan who don't necessarily want to go to New York or to Toronto to have somebody else invest their money when they can do it right here at home.

Some Hon. Members: Hear, hear!

Water Shortage in Southern Saskatchewan

Mr. Goodale: — Thank you, Mr. Speaker. I have a question for the Premier, and from previous correspondence the Premier will know of my concern about what appears to be a very severe water and moisture shortage problem that's looming over a great portion of southern Saskatchewan this spring, and I'm sure the Premier appreciates the magnitude of that problem.

Mr. Premier, apart from just monitoring the situation or surveying the situation, I wonder if you can tell us what specific plans your government would have in mind on a contingency basis to deal with that situation which could be extremely serious in just a few weeks from now.

Hon. Mr. Devine: — Well, Mr. Speaker, there are a combination of things that we can do in the province of Saskatchewan to deal with the conservation of water and the use and the prudent management of water as a resource.

The first is: we can initiate projects like Rafferty and Alameda to conserve water when we know that drought is a cyclical problem here in southern Saskatchewan. Every once in a while we'll get fortunate and a lot of water will come in, and then we just let it go into the United States or run into the ocean. We want to conserve that water and to manage it so that we can use it year-round.

Secondly, we are expanding the use of irrigation and the Saskatchewan Water Corporation, as well as the Department of Agriculture and PFRA (Prairie Farm Rehabilitation Administration), are working with farmers in municipalities and ranchers right across the province.

Third, I'm sure the minister responsible for Sask Water can stand in his place and talk about the negotiations and the plans and the contingency efforts that are in place, strategies to help municipalities and farmers and ranchers have access to water despite the fact that we don't have the spring run-off to speak of, or any rain to date.

So clearly, Mr. Speaker, we can't make it rain or snow, but in the event people need access to water, there are several things that we're doing with municipalities, farmers, and ranchers that would allow them to have access to as much water as we can get our hands on in the province.

Some Hon. Members: Hear, hear!

Mr. Goodale: — Mr. Speaker, unfortunately none of the things just mentioned by the Premier are going to help in two or three or four weeks when we've got a major problem potentially on our hands. And I wonder if the Premier or the minister responsible for the water corporation could indicate some specifics. For example, will there be a program for transporting feed or livestock or water supplies for the livestock sector? And will the Saskatchewan Water Corporation be providing pipes and pumps free of charge, which the PFRA used to do before the water corporation took over that part of the operation?

Hon. Mr. Swan: — Mr. Speaker, I'm very pleased to respond to the hon. member. The water corporation is

fully aware that we have a shortage of snow across most of Saskatchewan this year. As far back as two months ago, the corporation started to look at the communities that would likely face the most difficulty. They are putting in place contingency plans that can be used in many of the communities who now are finding that their wells are running low on water. The corporation is looking at the availability of other water sources in the area where they could tap a vein at a different level, and in some communities that's being done.

With relation to the providing of pipes to pump water from one reservoir to another, we have done that for many years. It's been a very effective program; the program is available and is being utilized. Even now we have a number of sets of pipes out being used by different individuals and different communities. I believe the corporation is responding as well as anyone could to a serious situation.

Some Hon. Members: Hear, hear!

Sale of SPC Building in Moose Jaw

Mr. Van Mulligen: — Mr. Speaker, my question is to the Minister responsible for the Saskatchewan Power Corporation.

This week in the House, you told us of a novel PC way to save money. You sell a building for \$280,000 and then rent half of it back for \$370,000. I'm referring of course to the sale of the SPC building in Moose Jaw, and I'm asking, can you today confirm that the purchaser of the building, one Garth Rattee, is a well-known Moose Jaw Tory who nominated Keith Parker, your party's candidate in the last provincial election, and can you confirm that the only real estate agency which was given the opportunity to list the building for sale is one run by Mr. Rattee's wife?

Hon. Mr. Berntson: — Mr. Speaker, I don't personally know this Mr. Rattee that the hon. member talks about. My recollection, Mr. Speaker, of how the building was sold was that it was offered to the Moose Jaw Real Estate Board as a listing for all realtors in Moose Jaw, and that seems quite appropriate to me. And it's not, I suppose, totally surprising to see members opposite take small-business men and drag their names through the gutter and smear them all over the place.

And the other point that should be made, Mr. Speaker, is yes, we sold a building. At SaskPower, we sold a building in Moose Jaw for, I believe it was \$280,000, that I sent in the letter to your colleague from Moose Jaw. And yes, we are renting less than 50 per cent of that building back; I think it's about 48 per cent of the square footage. And we're not in the property management business. We don't want to be in the property management business.

We are trying, Mr. Speaker, to produce electricity and distribute gas at the cheapest possible rate to the consumers of Saskatchewan and we have done that, Mr. Speaker. If you take a look at the latest annual report where we had a 36 - a \$36 million turnaround with a 35 to \$36 million profit, I'll stack that up against fair business acumen any day, Mr. Speaker. And for him to suggest that \$280,000 in the hand isn't worth something, he doesn't

understand anything about the cost of money.

Some Hon. Members: Hear, hear!

Mr. Van Mulligen: — Supplementary, Mr. Speaker. Mr. Minister, you can say what you like, but you're not fooling the people of Saskatchewan.

Some Hon. Members: Hear, hear!

Mr. Van Mulligen: — The people see many small businesses in desperate trouble; they see a select few with Tory connections that seem to be benefiting from sweetheart deals. They call it patronage, they see the waste, and they smell the corruption.

Some Hon. Members: Hear, hear!

Mr. Van Mulligen: — Mr. Minister, why not come clean on this particular issue so you can restore some trust and confidence in your government and tell us: was this sale ever tendered, and if so, can you lay the bids on the Table in this House? Will you table also the independent appraiser's report in this matter which sets out the building's worth? Can you do that, Mr. Minister?

Some Hon. Members: Hear, hear!

Hon. Mr. Berntson: — Mr. Speaker, he asks the question, but he doesn't listen to the answers. The listing was given to the Moose Jaw Real Estate Board. He's suggesting that the Moose Jaw Real Estate Board is a Tory organization. I think if you do a blood test on the membership you'll find that that's likely true, but there is no direct connection between the Moose Jaw Real Estate Board and SPC.

Some Hon. Members: Hear, hear!

Restoration of Prescription Drug Plan

Ms. Simard: — Mr. Speaker, my question is to the Premier. Mr. Premier, when your Minister of Finance brought down his budget last year, he talked in glowing terms about the protection of health, and then you turned around and destroyed the prescription drug plan, forcing many people in this province to make a choice between groceries and prescription drugs, and many of these people were seniors, Mr. Premier. And you've betrayed them and they know it, and nothing short of restoring the prescription drug plan will be acceptable to them.

Mr. Premier, can you tell us whether today in your budget you will restore the prescription drug plan?

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Mr. Speaker, the hon. member knows, if she's concerned about the poor, that the prescription drug program that we have in the province of Saskatchewan protects the poor. And, Mr. Speaker, for senior citizens, for those that are on low income, for those that need income help, Mr. Speaker, we have the best program in North America, and the hon. member knows that. And for many, as in institutions, it didn't change at all, Mr. Speaker, so don't let the public be confused, Mr. Speaker. She knows that that's the case.

I will say with respect to getting people that have money to think about prescription drugs and the drugs they use, it's a very good idea. Mr. Speaker, we know the number one problem facing society today, and particularly among the youth, is drug abuse and crimes linked to drugs.

Mr. Speaker, they don't want to admit it. They have the audacity to stand and say they support health care, but they never did have the courage to fix it and make it stronger and stronger, and we do, Mr. Speaker, and we're proud of that.

Some Hon. Members: Hear, hear!

Ms. Simard: — Mr. Premier, there are many people who are not being helped by your so-called prescription drug plan, who have great difficulty paying the up-front costs. And if you don't believe us, Mr. Premier, call the by-elections in Saskatchewan.

Some Hon. Members: Hear, hear!

Ms. Simard: — Now last year in your budget, Mr. Premier, you privatized the school-based children's dental plan, the best dental plan in North America, firing some 414 dental workers and closing down some 578 dental clinics, many of which were in rural Saskatchewan. And later you admitted that it was a mistake. You admitted that, Mr. Premier, and I think that was in November.

Now you have instructed your ministers, Mr. Premier, to reinstitute the dental program, or at least will you please tell us what you are going to do to provide adequate, and I say adequate, dental services in rural Saskatchewan?

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Again, Mr. Speaker, if I could just correct the hon. member. When you had dental therapists in rural Saskatchewan, they weren't serving the adult public in rural Saskatchewan. So families and farmers and seniors and their wives, husbands, and adults, Mr. Speaker, didn't have access to a dentist. They didn't go into the schools, Mr. Speaker, and get access to the therapists. That's not right.

Right now we're having more and more dentists go into rural Saskatchewan to serve all of the public, Mr. Speaker -that is the seniors, the adults, and the students.

And secondly, Mr. Speaker, I don't think anybody can complain and say that a dentist can't provide the service as well as a therapist or as an assistant. Obviously, a dentist is the appropriate person to provide that service.

And third, Mr. Speaker, third, we know that the young people of today can go and get access to a dentist in rural Saskatchewan, all over Saskatchewan, and it's fully funded by the province of Saskatchewan, with access to a dentist. Before, Mr. Speaker, they didn't have that quality, and now they've got the best quality you can buy in the province of Saskatchewan.

Some Hon. Members: Hear, hear!

ORDERS OF THE DAY

GOVERNMENT ORDERS

COMMITTEE OF FINANCE

TABLING OF ESTIMATES AND SUPPLEMENTARY ESTIMATES

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

Mr. Speaker: — This is a message from the Lieutenant Governor, dated March 31, 1988:

The Lieutenant Governor transmits estimates of certain sums required for the service of the province for 12 months ending March 31, 1989, and supplementary estimates of certain sums required for the service of the province for the 12 months ending March 31, 1988, and recommends the same to the Legislative Assembly. (Signed) Frederick W. Johnson, Lieutenant Governor, province of Saskatchewan.

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

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: — Thank you, Mr. Speaker. Mr. Speaker, I rise today to present the second budget of this Progressive Conservative administration.

In last year's budget address I indicated that this government was determined to take up the challenges and opportunities presented by a world economy in transition. I indicated that we believe Saskatchewan could grow and prosper in this new global environment if we utilized the innovative spirit and vision of the people of Saskatchewan, and I indicated that we would work co-operatively with individuals and communities to adapt our society to this new environment.

We believe in Saskatchewan's future, and we're convinced that the fiscal and economic blueprint that we have put in place provides us with a solid foundation to get on with the job of building for the future; accordingly, this budget reflects our government's determination to stay the course established last year.

We're reaffirming our commitment to protect and support health care, education, family services and the family farm; to diversify and develop the economy, and to improve the efficiency and effectiveness of government.

Mr. Speaker, these are uncertain economic times, as

demonstrated both by the October 19, 1987 stock-market decline and continued oil price instability. In this difficult environment, it is not surprising that there are strong disagreements among economists and business analysts as to the future direction and health of the world economy.

Many experts are convinced that the world economy is at serious risk. For example, the Conference Board of Canada has warned that the world economy is being drawn closer to the edge of a global recession. There are, however, analysts who suggest that the international economy, and the Canadian economy in particular, will grow at a healthy pace. One Major Canadian bank recently stated that the Canadian and international outlook remains constructive, and that we anticipate a sixth year of uninterrupted expansion and generally high levels of economic activity.

These conflicting economic forecasts underscore the present state of uncertainty in world markets. In the face of such uncertainty, the C.D. Howe Institute cautions that the economic environment for policy-making will continue to be volatile in 1988. In shaping our economic future in this difficult environment we must recognize that there are important lessons to be learned and applied.

First, it is no longer possible for any nation to achieve sustained growth and prosperity by isolating itself from economic events beyond its borders. Canadians cannot afford inward-looking policies. We must look outward to the world and develop policies that are responsive to the changing global economy.

Secondly, world-wide prosperity depends on the growth of trade. Between 1950 and 1973 there was a steady expansion of world trade. This led to a substantial rise in living standards for the major western economies, including Canada. Since that time trade barriers have been erected with increasing frequency. This has slowed the growth of volume of trade, resulting in a reduced rate of growth and living standards in these countries. Opposing freer trade is, therefore, a self-defeating and backward step, as it would deny us the economic growth required to finance better health and education services.

Third, the use of protectionist measures leads to inefficiency and lower productivity by artificially propping up otherwise uncompetitive industries. As we in western Canada know, consumers are required to pay higher prices for the products of these industries.

As well, protectionism invites ever-intensifying cycles of retaliation. For example, American, European and Japanese government subsidies to farmers have now grown to over \$80 billion annually. Mr. Speaker, protectionism obstructs healthy competition and economic development.

Saskatchewan's response, Mr. Speaker. The Premier has represented Saskatchewan's interest in many international and national forums. He has repeatedly demonstrated through his actions that we can shape our future, and he has demonstrated that Saskatchewan can make a difference on the world stage. Saskatchewan must

continue to ensure its future prosperity by realistically addressing the global forces that are now affecting our economy.

It is up to us to develop a set of practical initiatives that will provide us with the flexibility to deal with changes in the international market-place, and to ensure the building of a more diversified Saskatchewan economy. That is why we fully support the Canada-United States Free Trade Agreement. This agreement will strengthen Canada's position in the world economy by offering us new economic opportunities. It reduces the threat of protectionist measures from our largest trading partner by establishing a set of fair and predictable trading rules. In addition, the agreement will expand our common economic interests. This will place us in a stronger bargaining position relative to other trading regions as we continue to negotiate the elimination of world trade barriers.

Our future prosperity also depends on our actions here in Saskatchewan. We must diversify the Saskatchewan economy by building on our natural advantages to provide new economic opportunities and to protect ourselves against global uncertainties. This will create new jobs and ensure a higher standard of living for the people of our province.

But economic development is more than the formation of capital. It is also the creation of knowledge and the development of a skilled and educated work-force, and this is one reason why we have made education a high priority. We believe that the free trade agreement and the diversification of the Saskatchewan economy are the most realistic approaches to deal with the changes occurring in the world economy, and this practical strategy provides us with the means to control our future in very uncertain economic times.

This afternoon I will be announcing new initiatives to strengthen the Saskatchewan economy, to position it to take advantage of the free trade agreement, and to capture economic opportunities in the international market-place.

In last year's budget address I reviewed some of the measures that this government had taken to provide the people of Saskatchewan with a more efficient and productive government. These measures included the relocation of government offices to Moose Jaw, Melville, Swift Current, and Saskatoon; the strengthening and upgrading of regional offices; the establishment of the property management corporation; and the increased use of the private sector. These innovative measures have eliminated much government waste, and they have improved the quality of service by bringing government closer to the people.

We are pursuing further opportunities in these areas. In March of last year I presented my economic and financial report, a four-year plan to significantly reduce the deficit. I indicated that if no action were taken, the deficit for 1987-88 would be \$1.5 billion. The financial plan called for this deficit to be cut in half in 1987-88, and halved again in 1988-89.

Mr. Speaker, we have achieved our first objective. The deficit for 1987-88 will be \$568 million, and this is substantially less than the target we set in our economic and financial report.

(1445)

Mr. Speaker, reaching our fiscal target for 1988-89 will require further efficiency measures within government, responsible wage agreements, and a continuing commitment by third parties to spend moneys wisely. For our part, we are continuing to improve the management of expenditures under our direct control by reallocating funds from less critical areas to higher priority areas through consultations with individuals and families, interest groups, and communities across this province. We have identified clear priorities, and we have addressed these priorities.

This has required us to make choices, Mr. Speaker, but making choices is what government is all about. We have made the choice to reallocate social assistance funds to support our welfare reform, employment and training programs, and we will continue to redirect funds in this manner.

We will continue to reassign staff from processing welfare payments to delivering programs that enable our welfare clients to become more productive and independent.

The success of our welfare reform initiatives has allowed us to focus on other priorities. In this budget we have made the choice to redirect savings from the reduction of welfare fraud and abuse to the areas of foster care and family support.

This government has also listened and responded to changing community standards. With respect to the care of the mentally handicapped, we are moving away from institutional care. For example, most North Park Centre residents are now living in group homes and private homes. In addition to being progressive social policy, this decision frees up funds for new community initiatives for other handicapped individuals. Accordingly, I'm pleased to announce that we have made the choice to fund two new group homes in 1988-89 for autistic people.

Last year we amalgamated several agencies into the Department of Human Resources, Labour and Employment, thereby significantly improving the co-ordination and effectiveness of these agencies.

We subsequently created an employment opportunities branch through the realignment of existing resources in that department. The branch will focus on increasing job opportunities in the private sector for Saskatchewan residents through a new "Hire Saskatchewan" initiative.

We have also amalgamated the administration of the seniors' bureau, the seniors' heritage grant, and the Saskatchewan income plan into a new, more effective seniors' directorate. By making the choice to place these programs within one agency, we have been able to achieve savings while improving the delivery of our seniors' program.

Mr. Speaker, protecting the environment is an important priority for this government. Last year we made the choice to phase out our participation in a metal recycling program. This program is now operated by the private sector.

This year, by reassigning the money saved, we will initiate, with the city of Regina and other interested parties, a three-year program to obtain and interpret information on ground water quality and to monitor possible sources of contamination. We will allocate funds to address the recommendations of the national task force on the environment and the economy, and we will establish a new program to develop alternatives to deal with the number of abandoned mines in high population areas.

I'm also pleased to announce that we will establish a new oil and gas environmental fund. In the past, insufficient revenues were collected from individual companies for the cost of cleaning up abandoned oil and gas well sites. The new fund will ensure that these sites are cleaned up and that the cost is paid by industry.

Mr. Speaker, this government is committed to the conservation and development of our forest resources. Under previous administration, insufficient funding had been allocated to forest renewal. We have increased funding to reforestation programs to cover their omissions. I am pleased to announce the funding for a new five-year, 50 million seedling reforestation program.

And for 1988-89 we have made the choice to pay for this new program through a portion of the revenues earned from the softwood lumber export tax. This year we will spend a total of \$8.5 million on forestry initiatives.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — As these examples demonstrate, we have listened to the people of Saskatchewan in developing this budget. We have learned that they want to continue with the process of welfare reform, and they want our seniors to have easier access to the programs they require and deserve. And they want Saskatchewan's environment and forests to be protected. In this budget we have made the choice to address these and other concerns while remaining equally vigilant in our management of the public purse.

Last year 14 government departments and agencies received budget reductions; this year 11 will receive a decrease in funding. We have held down the growth in government operating and program costs for 1988-89 to only 3.6 per cent, or \$127 million, by reallocating moneys through a careful ordering of priorities. I am proud to announce that 82 per cent, or \$104 million, of this program spending increase is committed to health and to education.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — The remaining \$23 million, \$10 million is directly attributable to increases for three important family programs - the Saskatchewan Pension

Plan, the Saskatchewan income plan, and the mortgage protection plan.

Mr. Speaker, this government will continue to ensure that the people of Saskatchewan enjoy the best health care system in Canada, and this is our number one priority. Because of our commitment over the past six years, health care expenditures have increased by \$510 million, or 68 per cent, and this is a record in which we can take pride, Mr. Speaker.

We have dedicated funding to an impressive array of new and rejuvenated health care facilities. Over the last six years we have built over 1,700 special care home beds for our senior citizens. We have built or are building over 600 new acute care beds, which can accommodate 600 new acute care beds, which can accommodate 26,000 additional patients per year. In Saskatoon, a large new wing will soon be opened at University Hospital, and construction is underway to expand St. Paul's Hospital, and we fully expect that these major projects will substantially reduce waiting lists in Saskatoon.

We have taken other steps to address the waiting list problem. In 1987-88 we funded an additional 2,000 operations in Saskatoon. Last July we opened a new day surgery unit at City Hospital, which has the capacity to perform 3,500 operations annually. As well, the Department of Health is now working with the hospital administrators in Saskatoon to computerize their waiting list to improve the efficiency of assigning beds.

Since coming to office we have targeted over \$15 million to reduce hospital waiting lists. Because of our efforts, Mr. Speaker, the number of operations performed annually in Saskatoon has increased by 42 per cent since 1983. People from all over Saskatchewan are increasingly using Saskatoon's hospitals, and we are responding to that need.

In Regina the improvements to the General Hospital will continue with the opening of a new wing in April. And the first phase of the expanded Wascana Rehabilitation Centre will be completed early next spring. I'm also pleased to announce, Mr. Speaker, that the construction of a new pediatric wing at the Pasqua Hospital will begin this year.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — This government is committed to the maintenance and rejuvenation of our health care system. This year budgetary spending on health will exceed \$1.2 billion, an increase of 65 million or 5.6 per cent.

In addition, capital funding of \$63 million will be provided for the construction of health care facilities, including major renovation projects to upgrade hospitals in Davidson, Humboldt, Shaunavon, among others; a new 140-bed hospital in Estevan to replace St. Joseph's; and new nursing homes in Elrose and Wadena; and a 40-bed addition to the nursing home in Nipawin.

Many smaller Saskatchewan communities have found that facilities which combine both long-term care and acute-care beds under one administration and one physical structure provide the most efficient use of their

resources. This year, Mr. Speaker, integrated facilities of this type are planned for the union hospitals in Cabri, Loon Lake, and Montmartre. Mr. Speaker, integrated facilities demonstrate that we can allocate resources more efficiently while maintaining quality health services in our smaller communities.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Similarly the Department of Health is engaged in discussions with representatives of St. Anthony's nursing home, Providence Hospital, and the Moose Jaw Union Hospital to explore opportunities to co-ordinate and combine services among these three Moose Jaw Institutions.

Mr. Speaker, in 1988-89 our hospitals will receive \$33 million in new funds - an increase of 6.2 per cent. This will provide increased funding for existing operations and for the new beds now being added to the system.

But we haven't concentrated solely on hospitals. Over the past five years we have improved the quality of long-term care by adding 420 new staff physicians in nursing homes at a cost of \$10 million. In addition, \$25 million and 800 staff positions have been provided for the operation of new and upgraded nursing home beds. In 1988-89 additional funding will be provided to further enhance the quality of care in our nursing homes.

We are also committed to assisting people who want to maintain their independence by remaining in their own homes, and this year additional funding will be provided for home care service. And these moneys will be targeted to areas in the province where there is a high proportion of seniors or disabled persons.

Saskatchewan is a leader in the provision of quality out-patient mental health services, but financial resources must be increased if services are to be maintained. Additional funding and new patient care positions are allocated in this budget for mental health services.

The people of Saskatchewan, particularly parents with young children, have expressed their support for this government's efforts to address the growing problem of substance abuse. The Saskatchewan Alcohol and Drug Abuse Commission is playing a key role in addressing this problem, and this budget will provide that commission with over \$15 million - a 16 per cent increase, Mr. Speaker.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — We have also begun the process of upgrading our drug and alcohol treatment facility in Saskatoon by relocating the Calder Centre program to the Frank Eliason Centre; as well, Whitespruce, our government's innovative drug and alcohol youth treatment centre in Yorkton will be allocated \$3.4 million - an increase of 125 per cent, Mr. Speaker.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Mr. Speaker, in the last three years we

have doubled the funding to combat the serious problem of alcohol and drug abuse.

Recently, as part of our emphasis on preventative health care, we increased grants by 54 per cent to the cities of Regina and Saskatoon for the provision of public health services. Today I'm pleased to announce that we will undertake a public education campaign that will focus on healthy life-styles and personal responsibility for good health. This is in addition to the funding that we have provided for an ongoing public information campaign on the dreaded disease AIDS.

Our health care system is costly to maintain. Health care costs for a family of four are now almost \$5,000. The average Saskatchewan family's provincial income taxes now cover only 65 per cent of that cost.

In addition to current high costs, our health care system must be prepared to face the challenge of our future health care needs.

Saskatchewan's senior population, for example, is expected to increase by 50 per cent over the next 20 years. This dramatic increase will result in additional funding pressures in the not too distant future. We cannot in good conscience, Mr. Speaker, ignore these increasing pressures. This would be both imprudent and irresponsible.

Every province in Canada is confronted by the challenge of adapting its health care system to the changing needs of its population, while maintaining quality care in the face of higher cost. This government has begun the process of reforming Saskatchewan's health care system to ensure that the quality services we have come to expect are maintained for the benefit of future generations. And we are determined to take the lead in meeting this important social challenge right now.

(1500)

But Government cannot and should not do the job alone. We must call upon the skills of our health professionals, the experience of the various groups with an interest in the health care system, the expertise of researchers in the academic, medical, and social service areas, and the understanding and participation of the people of Saskatchewan.

As we announced in the throne speech, we are establishing the Saskatchewan health care task force to take up this challenge. A task force will ensure that the widest possible cross-section of Saskatchewan people have an opportunity to express their views on the changing needs of their health care system.

Mr. Speaker, I urge everyone in this province - social or religious leaders, government and opposition members, workers, manager, farmers, and health professionals - to become involved in the task force discussions on the direction that our health care system should take into the next decade and beyond.

Mr. Speaker, no institution is more important than the family. This government recognizes that fact. We

introduced the mortgage protection plan to protect families from high interest rates, and this year, Mr. Speaker, we are increasing funding to this plan by over \$4 million.

We introduced the seniors' heritage program to recognize the contribution and sacrifices our seniors have made. In 1987 over 100,000 Saskatchewan seniors took advantage of this program.

we eliminated the sales tax on purchases of clothing and footwear at a cost of \$47 million a year. We more than doubled day-care expenditures in recognition of the needs of the growing number of working families. We created the Saskatchewan Pension Plan to enable our residents to save for their retirement. Over 40,000 Saskatchewan individuals, of whom 80 per cent are women, are enrolled in the Saskatchewan Pension Plan.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — we significantly enhanced and restructured the Saskatchewan tax reduction to provide tax relief to almost 350,000 lower- and middle-income individuals and families, including a special provision for single parents in recognition of the difficulties they may face. These initiatives are protecting and are enhancing family life in our province.

Saskatchewan families need quality day-care services. In 1982 there were only 3,900 licensed day-care spaces in Saskatchewan. Today there are over 5,700 spaces, nearly 2,000 more, Mr. Speaker. Demand for day care continues to grow in response to changing employment patterns, and this year we will provide an additional 600,000 to improve the availability of day care to the working families of Saskatchewan.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — We are also examining initiatives to extend affordable day care to rural families and to families who have children with special needs. Over the course of this year my colleagues, the Minister of Social Services, will be announcing new initiatives in this area.

Mr. Speaker, this government has always recognized the contributions made to Saskatchewan by our senior citizens. This budget provides \$40 million through the senior citizens' heritage grant program which will benefit over 105,000 Saskatchewan seniors. In last year's budget I introduced a \$200 personal income tax reduction for seniors, and this supplementary tax benefit will assist over 10,000 seniors this year.

Since 1982 this government has increased the senior citizens' income supplement from 25 to \$65 a month. I am pleased to announce that we will increase the supplement by a further \$15 a month, effective this November.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — This will raise the maximum Saskatchewan income plan benefit to \$80 a month for a single senior and \$135 a month for a married couple. This

initiative will provide many single seniors with nearly \$1,000 and many married couples with over \$1,600 annually, to assist them in living with dignity and independence.

This benefit, along with the old age security, the guaranteed income supplement, and the senior citizens' heritage grant program will ensure a minimum income of nearly \$10,000 per year for our seniors.

A little more than a year ago, Mr. Speaker, we created the Saskatchewan Pension Plan because many Saskatchewan people did not have the opportunity to save for a more secure retirement. In a short space of time, over 40,000 Saskatchewan home-makers, farmers, self-employed individuals, and small-business employees have enrolled in the plan. More than 1,200 members of the plan are already receiving benefits, and this year we will contribute \$20 million in support of the Saskatchewan Pension Plan.

Five years ago this government developed a long-term strategy to address family violence. We have stepped up enforcement of existing laws, improved the co-ordination of existing services, and provided more family support services across the province. And this year we will allocate almost \$3 million to direct services to victims of family violence and to the rehabilitation of batterers, and this will include funding for a new safe home in the Swift Current area, the tenth such facility in our province.

Mr. Speaker, foster families deal with special problems which require extra support. We will provide \$625,000 to establish a new training program and a new payment schedule for foster parents to reflect more accurately the important services that they provide.

The Minister of Social Services will provide details of a new program called "Families Matter," which will encourage community agencies to develop innovative programs that promote positive parenting.

Welfare reform, Mr. Speaker, when we took office in 1982, the welfare system in Saskatchewan offered little hope to the people it was supposed to help. It encouraged dependency and abuse.

In 1984 we began the process of welfare reform to provide training programs and work opportunities to those who are employable. Since that time, 8,500 welfare recipients, about one-third of them single parents, have successfully completed short-term productive job placements. A further 11,000 social assistance recipients have enrolled in educational upgrading and skills training programs. More than half of these, Mr. Speaker, have been single parents who have received special allowances to cover child care costs and other expenses related to their participation in the programs.

In this budget we will allocate \$6 million for the Saskatchewan skills development program to provide welfare recipients with marketable job skills. In addition, the Saskatchewan employment development program will receive \$11 million to enable welfare recipients to gain work experience and job placements. In total, more than 6,000 individuals will benefit from employment and

training programs in the coming year.

Another component of our welfare reform initiatives is the intensive on-the-job training provided by the New Careers Corporation. Almost 800 welfare recipients have participated in this corporation's programs. It has made a lasting contribution to the people of Saskatchewan in the form of enhanced park facilities, such as marinas, camp grounds, access roads, and beach landscaping.

The corporation has also undertaken a major restoration of the eroded river bank in Saskatoon for the Meewasin Valley Authority, and has constructed a young offenders' facility in the Moose Mountain Provincial Park.

The New Careers Corporation has received wide public acceptance because it successfully combines job experience and necessary educational upgrading into an 18-month career plan for its trainees. To date, 86 per cent of those trainees completing their career plan have found permanent employment . . .

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — . . . a record of successful partnership of which we can be proud. And in 1988-89 we will provide an additional \$1 million to the New Careers Corporation.

In 1987 we introduced another work-for-welfare initiative in conjunction with Par Industries of Prince Albert. Par has provided productive work experience in the forestry sector for 200 employable welfare clients. Virtually all of the single employable welfare clients in Prince Albert are gainfully employed, Mr. Speaker.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — In Regina our job search training program has successfully helped welfare recipients develop job search and interview skills, and we will expand this program to other locations. In La Loche we are co-operating with the village council to train and employ local welfare recipients on a road construction project. This initiative will encourage further economic development in the North and demonstrates our commitment to use existing funds in a wiser, more effective manner.

Since we began to place a priority on educational upgrading, skills training, and job placement for our employable welfare recipients, the number of single employables on welfare in Saskatchewan, Mr. Speaker, has declined 20 per cent.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Our investment in their future has paid off for them, for their families, and for our society as a whole. And we are also concerned about the prospects of people who are part of the long-term welfare case-load. This year we will expand our welfare reform programs to include more heads of families who have been on welfare for longer periods of times.

As part of welfare reform, an automated social assistance

system is being introduced province-wide to provide improved service for clients, and this system will also provide more rigorous financial controls to ensure that only those entitled to benefits receive them.

Mr. Speaker, the welfare reform initiatives undertaken by this government have reduced social assistance costs by \$65 million relative to the previous government's system. We have reinvested those savings to provide training, skills upgrading, and employment opportunities to people who need a second chance. This government will continue the process of welfare reform, Mr. Speaker, because welfare reform is working.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Mr. Speaker, education is one of the highest priorities of this government. Since 1982 provincial government spending on education has increased by \$259 million or 48 per cent. And we will maintain our commitment to excellence. We will launch several new initiatives and increase funding by \$39 million or 5.2 per cent.

In Saskatchewan there is a growing realization that as our economy diversifies we will become more dependent on our informational and intellectual resources. Mr. Speaker, this is why we continue to dedicate substantial funds to maintaining and improving our education system. We must respond to the changing needs of our students who are facing an increasingly technological society.

We must utilize the new technologies to enhance lifelong learning and to increase educational access for our rural residents and for our disadvantaged students. Important steps have been taken to ensure that the people of this province have access to an education system which meets their needs for today and for tomorrow.

In the elementary and high school system, many of these initiatives stem from the recommendations of the *Directions* report on curriculum and instruction. The basic recommendations include an emphasis on quality instruction, consistent standards for evaluating students, a renewed emphasis on basic skills, lifelong learning, and respect for the individual student.

In 1985, we established the educational development fund to provide the assistance necessary to implement these recommendations. For the past three years we have provided almost \$50 million to school boards to improve library resources, to acquire computer technology, and to introduce new programs for gifted and disadvantaged students. In 1988-89 a further \$14.5 million will be provided to continue the upgrading of the programs and tools available to our young people.

The decision to implement the new core curriculum followed extensive consultation with parents, students, educators, and people from business, labour, and industry. The implementation will begin in September 1988 and will be phased in as new programs are prepared and as teachers and schools make arrangements to provide, Mr. Speaker, the core curriculum will place a stronger emphasis on basic learning, and on key subject

areas, while maintaining flexibility for both teachers and local school-boards. The time allotted for key subjects in required areas of study will be standardized across the province, a move which is widely supported by both parents and educators.

(1515)

Successful implementation of the core curriculum will depend on the efforts and skills of each teacher working with our students. In recognition of the central role played by teachers, \$1 million will be provided for in-service training to help teachers introduce the core curriculum. As well, increased funding will be provided for special education programs to ensure that the benefits of this initiative are shared by all students.

Since 1982 this government has increased funding to school divisions by over 56 per cent, and this year we will provide \$337 million in operating grants to school divisions - an increase of \$7 million, Mr. Speaker. And in addition, \$31 million in capital assistance will be spent on the construction and renovation of schools.

Since my budget address of last year, this government has launched a number of initiatives to ensure that the people of this province have access to an education system which recognizes the changing demands of the work place. We reorganized rural community colleges into nine regional colleges to enhance the provision and delivery of skills training and university extension programs to rural people.

We amalgamated three community colleges to form the Northlands Career College to maximize the linkages between training and employment in the North. We took a national leadership role by establishing the \$3.2 million education outreach fund to address the problem of adult illiteracy and to expand the availability of university extension and institute courses to smaller centres.

We amalgamated four technical institutes and four urban community colleges into the Saskatchewan Institute of Applied Science and Technology to develop areas of excellence and to focus on skills that are in demand. And in 1988-89 the Saskatchewan Institute of Applied Science and Technology will receive over \$67 million.

Our efforts to provide more educational opportunities will continue. We will allocate new funding to develop training programs for disabled students to increase their access to mainstream educational programs.

Last fall we established the Saskatchewan Literacy Council to begin a three-year campaign to overcome illiteracy in our province. In the past three months 700 adults have enrolled in literacy programs. As well regional and northern libraries have received additional funding for literacy materials.

We are working with Saskatchewan people who recognize the importance of basic reading and writing skills. The people of Saskatchewan have indicated they need access to more courses as near as possible to where they live and work, and we are answering that need through our new regional college network.

Last year regional colleges delivered over 170 courses to 2,100 students in 76 different locations, and this included the delivery of 18 new courses to students in 25 smaller Saskatchewan centres.

Last year our support for distance education using fibre optics and satellite systems provided for the delivery of 24 university extension courses in 19 communities. And this year we will be working with the Saskatchewan Tel-Learning Association to expand the satellite network to 10 new communities.

We are also working towards the development of a standardized first- and second-year university Arts and Science program to be delivered using distance education technologies.

Since 1982 operating grants to our universities have increased by almost 45 per cent, and over that period provincial spending on university capital projects has totalled nearly \$100 million. In 1988-89 our universities will receive an additional \$2.8 million in operating grants for a total commitment of \$146 million. And in addition, \$25 million will be provided for capital projects.

Mr. Speaker, it's not enough to make post-secondary and adult education available to the greatest possible number of Saskatchewan people; we are also sensitive to the need to improve financial accessibility.

In 1988-89, 12,300 Saskatchewan students will receive over \$24 million in subsidies. This government is building a tradition of quality education in Saskatchewan. The new initiatives and funding support I have announced today will further ensure that our education system can provide our students with the necessary tools to build a more prosperous Saskatchewan way of life.

In developing our 1988-89 fiscal strategy, we consulted with and listened to the people of our province. They told us that we must adequately fund our health, education, and essential family service programs, and we have responded to these priorities.

Of the \$127 million increase in program spending, 82 per cent, or \$104 million, is directly attributable to health and education. We were able to hold down all other increases in program expenditures to \$23 million, of which \$10 million is directly attributable to increases to the Saskatchewan Pension Plan, the Saskatchewan income plan, and the mortgage protection plan.

However, because of the \$65 million increase in health care program costs, and the \$39 million dollar increase in educational program costs, we have had to introduce some moderate corporate and personal tax increases.

Effective July 1, Mr. Speaker, large resource corporations liable under the Saskatchewan corporate capital tax will be subject to a surcharge of 2 per cent on the value of their production.

Effective midnight tonight, the tobacco tax will be increased by 1 cent per cigarette, with similar increases

for other tobacco products.

And effective January 1, 1988, the Saskatchewan flat tax will be increased from 1.5 per cent to 2 per cent of net income. However, Mr. Speaker, the tax withholdings from pay cheques will not be retroactive to January, and this will avoid a one-time application of the flat tax in July. Further, this change will be implemented in conjunction with national tax reform, Mr. Speaker, so that over 95 per cent of Saskatchewan individuals and families will see an increase in their take-home pay commencing this July.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Relative to last year, these and other measures will increase corporate tax revenues by \$40 million, personal income tax revenues by 22 million, and tobacco tax revenues by 18 million. In total this will raise \$80 million of the \$104 million in needed funding for the increases to our health and educational programs.

By holding government expenditures to a minimum, except in the key areas of health and education, and by introducing the offsetting revenue measures just announced, the deficit for 1988-89, Mr. Speaker, will be reduced by 42 per cent to \$328 million, a \$240 million reduction from our 1987-88 actual deficit, Mr. Speaker.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Mr. Speaker, as Saskatchewan's personal income tax system is dependent on a federally defined tax base, any changes to the federal tax system will affect our own system.

I'll take a moment to distribute a copy of a tax reform paper to the opposition critic and to the leader of the Liberal Party.

For example, since the federal reforms were introduced this year, we'll reduce federal revenues. There will be automatic reductions in Saskatchewan's personal income tax revenues of about \$30 million a year. In addition, these reforms will also redistribute income tax liability among Saskatchewan taxpayers.

Mr. Speaker, federal tax reform presents us with both a challenge and an opportunity, a challenge to ensure that the Saskatchewan vision of fairness and protection is reinforced, and an opportunity to undertake meaningful personal income tax reform in Saskatchewan to ensure that our family life is further supported and enhanced.

We propose to introduce reform measures for 1989 that will enable the province to respond to the economic and social challenges facing our families over the next few years and beyond. And I'm tabling a discussion paper entitled *A Dialogue on Saskatchewan Income Tax Reform* with this budget address. The paper discusses four alternatives for personal income tax reform in Saskatchewan.

These alternatives represent a broad spectrum of choices and each blends the principles of fairness, support for the family, economic development, simplicity and harmony in a different manner.

For example . . . I urge the hon. critic to listen. For example, one alternative emphasizes support for the family such that a family of four earning \$35,000 would save \$760 in taxes. Another alternative emphasizes fairness through the use of a three-tier tax rate structure with enhanced support for federal tax credit. I invite all members and the public to read this paper which sets out, in some detail, alternative approaches to reform of our personal income tax system.

Mr. Speaker, changes are also required to our corporate tax structure. Saskatchewan's corporate tax rates are among the highest in Canada, and the absence of a level playing field has created competitive imbalances in certain industries, and as a consequence our corporate tax revenues are an unstable source of government funding. A competitive tax environment must be fostered to build the basis for economic diversification and to position us to take advantage of the new economic opportunities that the free trade agreement will bring.

As well changes are needed to ensure that our tax base is not undermined by interprovincial corporations allocating income and capital to lower taxing jurisdictions.

I am therefore announcing the following changes in 1989: effective January 1, 1989, the general corporate income tax rate will be lowered from 17 to 15 per cent - a level competitive with other jurisdictions; effective July 1, 1988, federal commercial Crown corporations will be liable under the corporation capital tax as they are in Ontario, Quebec, and Manitoba; and effective January 1, 1989, the manufacturing and processing tax reduction will be repealed, and the two-year, small-business tax holiday will be extended until March 31, 1990. The details of these revenue measures are set out in technical papers appended to the budget address.

The concerns of the Saskatchewan small-business community have not gone unheard as we have adjusted our corporate tax system. The local business tax, Mr. Speaker, currently generates nearly \$40 million annually, of which almost 40 per cent is paid by the Regina business community. We propose to address the concerns of small businesses throughout the province regarding this tax. It is only fair that local governments, which impose the business tax, assist in reducing the burden on small business.

In 1989 we will set aside up to \$10 million of the revenues generated from the corporate tax changes to assist in this effort, subject to the following. Local governments will be encouraged to match provincial assistance dollar for dollar. Special recognition will be provided to communities which have already reduced or eliminated their business tax. Local governments must not raise residential property taxes to provide funds for their matching assistance. Transfer payments will not be increased to offset costs incurred by local governments, and the benefits must be targeted to small business.

This approach challenges local governments to reduce the business tax by cutting expenditures, and I would add that the Department of Public Participation is prepared to

assist local governments in identifying the possible use of private sector delivery mechanisms to reduce costs. Assuming local governments choose to take up this government's challenge, Mr. Speaker, this initiative can result in a 50 per cent reduction in the business tax for the small businesses of Saskatchewan.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Discussions will be undertaken with local governments and small business to determine the most appropriate mechanisms to implement this proposal.

This year's corporate tax measures, including increases to uranium royalties, will increase provincial corporate tax revenues by \$40 million, Mr. Speaker.

In summary, the corporate tax package that I have just announced provides us with a solid basis for economic development and diversification. It also positions us to take advantage of the new economic opportunities that the free trade agreement will bring.

It is a priority of this government to facilitate economic growth by working co-operatively with our partners in the Saskatchewan manufacturing, small business, and resource sectors.

(1530)

Mr. Speaker, over the longer term, the new jobs and prosperity generated by ever-increasing levels of economic activity will ensure that we can continue to provide the funds necessary for social programs such as health and education. And that's why we developed an economic diversification strategy, Mr. Speaker. This government wants to build, not to buy.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — We want to implement new initiatives that will encourage the people of Saskatchewan to build our natural advantages and invest in the future economic growth of our province.

Mr. Speaker, we want to improve the overall strength of our economy, and thereby significantly enhance our quality of life. In spite of the difficulties that our agriculture and resource sectors are currently experiencing, our economic strategy has produced some significant results. New capital investment in Saskatchewan's manufacturing sector has increased dramatically, from \$91 million in 1984 to \$510 million in 1987. The provincial unemployment rate has decreased from 8 per cent in 1984 to 7.3 per cent in 1987, which is the second lowest in Canada and well below the Canadian average. And Saskatchewan's output in the service, producing, and manufacturing sectors has increased by over 13 per cent from 1984 to 1986.

The development and diversification of the Saskatchewan economy is due, in large part, to the economic policies initiated by this government, and these policies have resulted in new jobs and a stronger, more mature Saskatchewan economy.

In the manufacturing sector we have encouraged economic development and diversification by selling PAPCO (Prince Albert Pulp Company), the Crown corporation, and other assets to Weyerhaeuser Canada Limited for \$248 million.

Mr. Speaker, because of poor public sector management, this commercial Crown corporation was costing the taxpayers of this province over \$90,000 a day to operate. Weyerhaeuser turned that situation around, Mr. Speaker, and production at the P.A. pulp mill increased by 10 per cent in 1987, Mr. Speaker.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Weyerhaeuser has spent \$40 million on pulp mill improvements, Mr. Speaker, and their \$200 million paper mill, that members of the opposition said would never happen, is now well under construction. The paper mill, when completed, will create over 200 permanent jobs and is providing additional employment and diversification opportunities for other Saskatchewan businesses.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — For example, about 80 per cent of construction employment and construction purchases are being obtained from within the province of Saskatchewan. In addition, long-term industrial activity has also been generated. The \$7 million Steel Brothers chemical plant now under construction in the city of Prince Albert will provide production inputs to the paper mill.

The \$745 million NewGrade heavy oil upgrader is yet another major project that illustrates our policy of building upon our rich natural resource base. In addition to 1,000 jobs in the oil industry, the project has acted as an economic catalyst. Over 250 local Saskatchewan firms have been awarded contracts. These contracts have enabled many of them to diversify into new product lines suitable for other projects across the province.

Vanguard Motor Homes is now employing approximately 160 million . . . or 160 people in North Battleford. The positive economic impact on the community is already noticeable. For example, Lift Systems International of North Battleford, Lancashire Saw and Unitex of Saskatoon are all now providing goods and services to Vanguard.

We in Saskatchewan, and indeed throughout western Canada, have long sought to diversify away from our resource base and to increase the value added component of our resource exports. As I have just demonstrated, Saskatchewan has had some recent success in this area. However, a constraint we have constantly faced is the Canada-United States tariff schedules. These tariffs have impeded our ability to export value added products to the United States and have raised the costs of material and equipment inputs to Saskatchewan industries.

The free trade agreement will eliminate these tariffs,

giving Canada preferential access to the world's largest and most affluent market. This will provide a stable framework for our industries to expand their existing operations, and it will create new investment opportunities and encourage companies to locate here in Saskatchewan. This is why we support the free trade agreement. It's one of the corner-stones of this government's economic diversification strategy.

I'm pleased to announce that an additional \$1 million has been allocated to our economic diversification and investment fund, to build on this strategy and strengthen Saskatchewan's trade development efforts.

The recent and impressive gains that we have made in developing our red meat processing industry will be enhanced by the free trade agreement. Under this agreement the beef industry will be exempt from the United States meat import laws and tariffs; tariffs on some port products will be eliminated on January 1, 1989; moreover, trade barriers resulting from technical regulations will be reduced, and the United States will maintain an open border policy for meat inspections. These changes will permit easier access to the United States market for our red meat producers.

In spite of the benefits that our agricultural economy will derive from the free trade agreement, depressed world grain prices continue to place many of our farmers in serious financial difficulty. Many of our farmers face difficulties in maintaining adequate cash flow to operate their farms and to retire outstanding debt. This government will not back away from that issue, Mr. Speaker. We have reaffirmed our commitment to protect the family farm by extending the counselling and assistance for farmers program, by continuing the farm land security board, and by establishing an extended repayment option for the production loan program.

In national and international forums the Premier will continue to push for the elimination of subsidized over-production and predatory pricing in world grain markets. Recently the Premier has again emphasized in discussions with the Prime Minister of Canada the importance of resolving these issues through an international process. It's now evidenced that some modest recovery in grain prices has begun. We welcome this developments but we will continue our efforts to ensure that these early signs of recovery do not fade. We will continue to participate in the federal government's efforts in international forums to reduce American, European and Japanese farm subsidies.

We applaud, Mr. Speaker, the federal government's actions to support Canadian agriculture for the 1987-88 crop year through a \$1.1 billion deficiency payment and a \$330 million provision to write down farm debt. However, we will continue to press for ongoing federal support until other nations begin to eliminate their price support mechanism.

The successful conclusion of the free trade agreement will offer Saskatchewan agriculture new development and diversification opportunities. The agreement will create new markets for our canola products and other agricultural commodities and processed goods. We will

enhance our diversification activities to take advantage of these agricultural opportunities.

We are reaffirming our commitment to support the continued growth of Saskatchewan's red meat industry. We will pursue opportunities to further assist this industry in improving its competitive position both nationally and internationally. In 1986 we made a commitment to increase Saskatchewan hog production. Our efforts to diversify the livestock industry have begun to show a significant return. Hog numbers have increased by 10 per cent, Mr. Speaker, and since 1986 the number of feeder associations has increased five-fold due to our feeder association loan guarantee program. These associations have significantly increased the number of calves fed and marketed here in Saskatchewan.

I'm pleased to report that our commitment to livestock diversification will be further enhanced with the introduction of a lending program that will increase the availability of credit to farm partnerships and farm corporations. The Agricultural Credit Corporation of Saskatchewan will operate this program in conjunction with our other existing credit programs for capital loans. A new program will provide loans of up to \$8 million for livestock operation at an interest rate of 9.75 per cent. An eligible investment includes livestock buildings, equipment, and breeding stock.

This program will be of special interest to traditional grain farmers as it increases their opportunity to both diversify their production and to take advantage of new markets opening up under the free trade agreement.

Mr. Speaker, our agricultural lands represent one of our most valuable resources, and soil conservation has always been a high priority of this government. We have made a major commitment to develop innovative means to ensure the preservation of our land resource. Over five years, Mr. Speaker, we will be spending \$15 million from the agricultural development fund to provide opportunities and research and development for new farming techniques and alternative crop production to promote better soil management.

Recently, as part of the special grains program announcement, the federal government committed \$75 million for federal-provincial soil conservation projects. It's our intention to take part in this new initiative, Mr. Speaker, through the development of a Saskatchewan-Canada soil and water conservation agreement.

We are also negotiating with the federal government to create a world-class centre of excellence for agricultural research and technology at the University of Saskatchewan. If these discussions are successful, Saskatchewan can look forward to new diversification and development opportunities in the area of agricultural research and technology.

Mr. Speaker, this government has provided our rural communities with the means to enhance and develop their economic base. In 1986 we announced funding to rural municipalities interested in establishing community development corporations for the purposes of identifying

local economic development opportunities. Four corporations have now been established and 15 others are in various stages leading to incorporation. In 1988-89 we will provide a total of \$400,000 to support this exciting initiative.

To ensure that our rural communities can develop new businesses and create jobs, it is essential that we upgrade our transportation infrastructure. I am pleased to announce that we will implement a new three year, \$30 million highway rehabilitation program, and that this new initiative is over and above the approximately \$100 million that we spend annually on capital improvements to our highways.

The first phase of this new program will include improvements to our highway systems in all regions of our province, including Highway 17 north of Lloydminster in the north-west heavy oil area; Highway 23 near Porcupine Plain in the eastern forestry area; Highway 9 south of Carlyle, an important north-south thoroughfare for our tourism and potash industries; and Highway 11 between Prince Albert and Saskatoon, one of the province's principal economic and tourist arteries.

Capital spending in 1988-89, Mr. Speaker, including this new highway construction program and other major projects such as hospitals, special care homes and schools, will total \$430 million. When combined with Crown corporation spending, the government's capital expenditures will be almost \$1 billion this year, Mr. Speaker, and this capital program is expected to create 9,000 jobs.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Mr. Speaker, the small-business sector is responsible for the majority of new jobs in this province. There are many small businesses across this province which have recently expanded and created jobs, such as Precision Service in Engineering in Prince Albert, 7 Oaks Manufacturing in Watson, B & D Plastics in Moose Jaw, Prairie Cab Sales in Runnymede, and Leon's Manufacturing in Yorkton. Our government's Buy Saskatchewan program has supported this development. During 1987 the Buy Saskatchewan agency assisted in securing more than \$59 million in contracts for Saskatchewan firms, resulting in the development of more than 40 new product lines.

And we're trying to help small business in many other ways. We are providing funding for the establishment of an entrepreneur institute. The institute will enable our small-business sector to identify and develop new business opportunities. We introduced the venture capital credit program to encourage public participation in the small-business sector. Over \$53 million has been invested in Saskatchewan small businesses by venture capital corporation, and over 1,000 jobs have been created.

I am pleased to announce today a new program to assist small businesses in conducting feasibility studies for new equity issues. In addition, we will be restructuring the venture capital program to ensure that it is more responsive to government priorities as established on an

annual basis.

Mr. Speaker, the tourism industry is a key sector of our economy. New tourist initiatives such as the \$23 million Saskatchewan Place in Saskatoon, the \$35 million Saskatchewan Trade and Convention Centre complex in Regina, and new resorts at Duck Mountain, Cypress Hills and Moose Mountain Provincial Parks demonstrate that the tourism industry is thriving in this province. And we will ensure that Saskatchewan develops its full potential as a tourist destination.

(1545)

We will continue to work with TISASK (Tourism Industry Association of Saskatchewan) to further strengthen our tourism industry through joint initiatives, including the provision of \$320,000 this year for the new Tourism and Hospitality Institute.

When we came to office we were also determined to encourage the growth of the province's high technology centre. In 1982 there were less than 40 firms, with total annual sales of only \$81 million. Today, Mr. Speaker, there are approximately 170 high technology firms in Saskatchewan, with total annual sales of over \$400 million.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — The creation of WESTBRIDGE Computer Corporation, through a partnership involving two provincial Crown corporations and two private sector technology companies, now means that Saskatchewan has a fully integrated major Canadian computer company with its head office right here in Regina. This new company will create over 250 new jobs in the next few years and will provide new diversification opportunities for our high technology sector.

Resource development, Mr. Speaker. This province's rich natural resource base provides many opportunities for the people of our province. It has always been the policy of this government to facilitate such development by ensuring that our natural resource commodities remain internationally competitive.

In January of 1987 we responded to the uncertain world oil markets by restructuring the province's oil royalty system. The oil industry has reacted positively to these changes despite continued low international prices for oil. In 1988-89 we will be initiating a new five-year, \$23 million heavy oil recovery program. This program will assist oil companies in carrying out enhanced oil recovery projects, and this program will be funded in concert with the federal western diversification fund.

In 1987 we accelerated natural gas development by deregulating the natural gas industry. Over the next five years deregulation will be responsible for the creation of 600 additional jobs, the drilling of 1,100 extra wells, additional industry investment of \$200 million, and incremental royalties of \$18 million.

Mr. Speaker, the oil and gas industry will be one of the major beneficiaries of the free trade agreement. Its future

development is now assured as Canada will be exempt, under the agreement, from the threat of United States fees or import restrictions based on national security grounds.

On September 1, 1987, Mr. Speaker, we introduced The Potash Resources Act. Because of this government's actions, expected long-run price stability at higher prices will protect Saskatchewan jobs and result in a healthier Saskatchewan potash industry. For example, Canpotex offshore market sales increased by 18 per cent in 1987 to a record 4.2 million tonnes of potash. And further aggressive marketing in Asia will result in over 600,000 tonnes of potash being delivered to China over the next several months.

The recent development of a gold industry in Saskatchewan has focused international attention on the potential for new mineral discoveries in our North. With the assistance of this government through targeted geological surveys and tax incentives, exploration spending for gold and other precious metals almost tripled in 1987 to \$48 million, and more development is expected. Besides gold, Mr. Speaker, northern Saskatchewan is believed to have potential in platinum.

Without the free trade agreement, our uranium industry could have been subject to United States ban on the importation of uranium ore. This would have had an immediate negative impact on the uranium industry and on the economy of northern Saskatchewan. However the agreement will protect our uranium industry from this potential United States protectionist measure.

Mr. Speaker, the proposed merger of Eldorado Nuclear Limited with the Saskatchewan Mining Development Corporation is further good news for Saskatchewan's uranium industry. It will create the world's largest uranium mining and processing company, with its headquarters in Saskatoon.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — The corporation will have a positive impact on our uranium industry and on the Saskatchewan economy, and it will, through public share offerings, give the people of Saskatchewan an opportunity to invest in their world-class Saskatchewan enterprise. Public participation, Mr. Speaker, in government enterprises can make a major contribution to the economic development and diversification by providing government assets with new growth and expansion opportunities.

This common sense approach will assist in the development of capital formation in our province. Many Saskatchewan people have now participated in the development and diversification of the provincial economy through the purchase of SaskPower and Saskoil securities. We expect increased participation as a result of the public share offerings in Saskatchewan-based uranium company and WESTBRIDGE, the Saskatchewan-based computer corporation. We will encourage every Saskatchewan resident to take advantage of these and other share offerings through such innovative incentives as the stock savings plan and the labour-sponsored venture capital program.

Mr. Speaker, our current fiscal situation. This government is committed to improving the financial management of the public sector and committed to reducing the deficit. Last year we budgeted for a deficit of \$577 million, a reduction of 53 per cent from the '86-87 actual deficit. Mr. Speaker, we have met that objective. The deficit for 1987-88 fiscal year will be \$568 million - \$9 million under our budget target. For 1988-89 we have carefully balanced expenditure priorities with increases in certain taxes. as a result we will make another substantial reduction in the provincial deficit. the deficit for 1988-89 will be \$328 million - a \$240 million or a 42 per cent reduction in the '87-88 deficit.

Mr. Speaker, this budget reaffirms the government's determination to the fiscal and economic plan that I set out in my March '87 economic and financial report and initiated in last year's budget. It reflects the views of the people of Saskatchewan that health and education are the highest priorities.

The actions and policies I have set forth today enable us to continue to work with the people of Saskatchewan to build a foundation for a better tomorrow. This budget sets out a practical set of social and economic policies that allows us to look outwards to the world with the confidence that we will meet its challenges and seize its opportunities.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Mr. Speaker, I move:

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

Seconded by the member for Indian Head-Wolseley.

Some Hon. Members: Hear, hear!

Mr. Koskie: — Thank you very much, Mr. Speaker. I just want to say first of all in respect to the Minister of Finance's comments this afternoon when Michael Wilson gave his address, budget address, they called that a rather listless and boring presentation. I didn't think it could be equalled, but I'm convinced this afternoon we got a fair presentation here, so I would invite anyone who can stay that I'll try not to bore them to the extent of the Minister of Finance.

Some Hon. Members: Hear, hear!

Mr. Koskie: — I want to take this opportunity, Mr. Speaker, to respond to the government's budget on behalf of the official opposition, and to say that this is clearly a budget of a government which hasn't learned its lesson.

Some Hon. Members: Hear, hear!

Mr. Koskie: — This is a budget of a government which won't listen to the people of this province.

At the beginning of his address, the Minister of Finance told the people of Saskatchewan - and I wrote it down - he said he was going to stay the course. It seems to me that that means exactly this: more of the same tax increases for

average people, and tax breaks for big business; more of the same cuts for essential services - like of health care and education and agriculture; more of the same wasteful mismanagement.

And I say, Mr. Speaker, Saskatchewan people have gone through a year of hurt, and I want to say that this budget shows the government is blind to that.

Some Hon. Members: Hear, hear!

Mr. Koskie: — Mr. Speaker, let's talk about some of the essential services that the Minister of Finance talked about this afternoon, like health care and education, because as usual the government is trying today to mislead the public about its real plans in respect to health care and education.

I'll tell you the most dependable sign of spring in Saskatchewan used to be the farmer working out in his fields and seeding. But I'll tell you, since the PC government came into office there's a new sign. And every year at budget time the government claims that it's going to spend more money on health, and it's going to spend more money on education, and it's going to make them top priorities. And I invite the press, and I invite the public to review this government's past budgets. Each one of them promises to spend more on health and education, but it's the same old song again. If only it were true.

Mr. Speaker, every spring at budget time this government promises more for health care and more for education. But every summer the waiting lists of our hospitals and the closed schools and the university students that are not allowed entrance puts a lie to these promises.

Some Hon. Members: Hear, hear!

Mr. Koskie: — Today again the Minister of Finance, I believe, is misleading the public in respect to the funding. I suggest that there's fudging of the numbers in respect to the budget. He talks about a 5.6 per cent increase in health care, but I'll tell you that when you compare what he promises to spend this year with what actually he spent last year, compare it, and I'll tell you, you'll find that there's no 5.6 per cent increase in respect to the increase in health budget. I'll tell you it's more or less like 3.5 per cent, and not 5.6 as the Minister of Finance tried to indicate.

Some Hon. Members: Hear, hear!

Mr. Koskie: — And I say, Mr. Speaker, with inflation in Saskatchewan the highest in Canada, nearly 6 per cent, that means our health care system will lose ground in respect to improvements. This means only one thing Saskatchewan families are going to suffer. People needing surgery will be on long waiting lists. Overworked nursing staff won't get the extra help they need. And communities hoping for improvements and upgrading of their hospitals and nursing homes will be disappointed.

I noted that the Minister of Finance bragged about the fact that his government has put in a number of beds each year, annually - 100 beds I believe he said. Well do you

realize that in the city of Saskatoon alone there's over 10,000 people on hospital waiting lists - in one city, Saskatoon, and this government says it's meeting the need by adding 100 hospital beds across the province.

I say that that's the PC record in health care - big promises that sound good on budget day, but which always turn out to be a political smoke and mirrors.

Some Hon. Members: Hear, hear!

(1600)

Mr. Koskie: — You know, the Minister of Finance said last year that he had increased the budget. And when that budget was analysed, do you know what it was? - \$18 million less than what he said, and he couldn't deny this.

I just note that the minister of Finance didn't say a word about two health care programs - the prescription drug program and the children's dental program. Of course he wouldn't, because he knows that the people across Saskatchewan are still angry in respect to the destruction of those very important health care programs, and I'll tell you that this budget doesn't rectify those programs.

So thousands and thousands of families and seniors across this province are still forced monthly to make a choice, a choice between getting their medication or putting groceries on the table. And I say, shame to such a government, shame to such heartlessness.

Some Hon. Members: Hear, hear!

Mr. Koskie: — And young people out in Saskatchewan, the children that receive the dental program, the school-based dental program are still let out - no dental program, even though the Premier himself promised a new rural school dental program, or a new rural dental program, last November. And the budget fails to keep that promise, and I say that's a shame - a promise from the Premier, another promise broken.

Some Hon. Members: Hear, hear!

Mr. Koskie: — Another corner-stone of this budget, apparently, is education. Well let's take a look at education. Let's take a look and see if their spending is keeping up with the needs in education.

Here again the Minister is indicating that there is going to be something like a 5.2 per cent increase. Well I'll tell you, again take and compare, compare what is being estimated this year with what indeed is the actual that was spent last year, and it's not 5.2; it's closer to 2 per cent. That's about what they're promising in education. And for our universities, the operating grants - take a look at the operating grants in universities. Here there is less than 2 per cent operating grants to the university.

And if you look at the amount that is provided for the operating grants for the schools, that is about 2 per cent. So much for the big promises, Mr. Speaker,. So much for health and education - this great commitment of this government.

Some Hon. Members: Hear, hear!

Mr. Koskie: — But you know, I thought maybe the members opposite would also deal with another matter here today, and they did. And they talked about highways. Now they have a commitment to highways, the like you have never seen. That's what they said.

We are going to set up a little fund of \$30 million over three years, 10 million each year, and boy, are we going to improve those highways!

Well I'll tell you, I figured they may be trying to brag today about how much they're going to spend on highways, and so I went back to 1981 and I looked up the figure, and do you realize in 1981 the expenditures on highways is more than \$5 million more than what they're offering in this budget.

Some Hon. Members: Hear, hear!

Mr. Koskie: — So for \$5 million more in 1981 than what they're promising here today.

An Hon. Member: — Privatize some more highway workers, boys. We're back to golf courses - 18 holes to the mile.

Mr. Koskie: — That's what I say, Mr. Speaker. Now that is really building highways.

But you know, there's another area that I thought for sure this government would address. And I thought that indeed they would address the question of agriculture, because last year in his budget the Minister of Finance said - he said the debt of the farmers is a crisis. That's what he said. Today . . . last week, rather, in the throne speech, they said again; the debt is at a crisis proportion.

Obviously they have identified the problem. They know that it's a crisis. And I'll tell you today in this budget not one single policy to address that crisis.

Some Hon. Members: Hear, hear!

Mr. Koskie: — I'll tell you, the farmers across this great province were certainly looking for some leadership and some hope. And I say that in this budget there was not any help. They were hoping for some kind of a debt adjustment that the Premier would initiate.

The Premier was down to Ottawa recently; one knows that we have a debt crisis, that about one-fifth of our farmers are on the verge of losing their land, and this government sits idly by and allows it to happen.

The farmers were asking this Premier, this government, to address the production loan that they received some years ago. They asked this government not to increase the interest rate from 6 per cent to nine and three-quarters. They've asked this government to allow it, to extend it, and not force them to give all their personal property for security.

But I'll tell you - I'll tell you that . . . What have they done in agriculture? Last year they brought in a budget, and the

Premier, the Minister of Agriculture, cut the budget by \$25 million - last year. Now he's . . . This year, another cut - another cut of \$8 million - \$8 million, that's what it is.

Some Hon. Members: Hear, hear!

Mr. Koskie: — Thirty-three million dollars cut from the agricultural budget in two years. And the members laugh - laugh.

I want to say also, Mr. Speaker, that you take a look at financing for rural development and you find that that remains frozen; if you take a look at the urban affairs, it remains less than last year. What I'm going to say is that what happens is there's going to be a major tax shift, a burden, on to the backs of property owners.

Mr. Speaker, I want also . . . The minister seemed proud of his tax increases and his tax giveaways. I've talked about this budget, it fails to adequately meet the health care, and education, and highways, and agriculture, and certainly one would think that with essential areas of the economy like health and education and highways and agriculture being cut or inadequately funded, that this good government could at least be able to hold the line on taxes. Not this bunch of uncaring people. This budget carries on the PC government record of tax increase piled upon tax increase. The flat tax has been increased to 2 per cent. That may not sound like a great deal, but I'll tell you that it's a significant amount if you take a family with an income of \$25,000 - the Finance minister just cost him another \$125.

And I'll tell you, Mr. Finance Minister, a senior citizen in my constituency told me a few weeks ago that she didn't like your flat tax, and she says that it seems that the only one that pays the flat tax . . . or the only ones who do not pay the flat tax are really the fat cats.

and then there's the PC gas tax. This budget leaves the PC gas tax at 32 cents a gallon, and that takes about \$150 out of your pocket, and if you want to go through all of the red tape of getting that back, sometime, somewhere in the future you may get it back.

I want to say that this budget contains no increases, as I said, for urban or rural municipalities, and certainly taxes will be going up.

Small business, hoping for a solution to their local business tax problem, got nothing. The government says that it will share the cost of reducing the business tax with the local municipalities, but where are the local municipalities going to find the millions of dollars needed to take up the offer? That's the problem.

So I say, Mr. Speaker, that what we have here is income tax is up, the gas tax remains, property taxes will be going up - all of these taxes are on top of the utility rates increases and all of the license and fee increases.

Is it any wonder that a Saskatchewan family with an income of \$35,000 a year has the second highest personal income tax in all of Canada. Taxes of ordinary people continue to rise.

But what about taxes on corporations like oil companies and banks? Today they get two new tax cuts. Corporate income tax has been cut from 17 to 15 per cent. That will save big business millions of dollars, and is set out in the budget - millions of dollars. There is also the new resource royalty reduction which will be worth additional millions of dollars.

Tax increases for Saskatchewan families; tax cuts for big business - that's the Tory style.

Some Hon. Members: Hear, hear!

Mr. Koskie: — Just to explain to the people of Saskatchewan the Tory tax policy, I want to demonstrate to the people who'll be watching here today the unbearable tax burden that has been placed upon the people of this province. And when you look at the personal income tax that is paid by individuals, and compare it to the personal income tax of corporations, and I'll tell you the comparison is this. In this hand, in the right hand, is a dollar bill, and I'll tell you that dollar bill represents for every dollar that an ordinary citizen pays into the . . .

Mr. Speaker: — Order, please. Order. The hon. member is aware that the rules of the House do not allow for exhibits to be used.

Mr. Koskie: — Let me just go on to say, Mr. Speaker.

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

(1615)

Mr. Koskie: — Each individual, for every dollar that they pay in personal income tax, big corporations pay 16 cents. One dollar for ordinary citizens; 16 cents for big corporations. That's the Tory fairness in taxation.

Mr. Speaker, I want to indicate to you that in respect to the fact that . . . in respect to taxation, that what this government has done is to remove some of the benefits that were of great interest and assistance to the farming community and to all taxpayers. And they took away the property improvement grants, and that, I'll say, has been a tremendous hardship on many Saskatchewan people.

If we go on to look at this budget, I want to say, Mr. Speaker, that there is one other aspect that should be recognized. The Minister of Finance is indicating that, oh well, we are starting to manage, we are cutting back the deficit. I want to indicate that in three budgets that this Minister of Finance brought in to this legislature, the first one was 1.2 billion, the second one was over 500 billion, and today 350 billion. In total tax, deficit is close to \$2 billion in three successive budgets combined.

Some Hon. Members: Hear, hear!

Mr. Koskie: — \$2.1 billion. And I say, Mr. Speaker, we're moving to be world class though, Mr. Premier, because what we have done under your stewardship and management of this province is to take this province into the debt unequalled before. Today we have the highest per capita debt in all of Canada. Today we have the highest

per capita debt in all of Canada. In respect to your fiscal management, Mr. Premier, today, after this budget, just servicing the debt of your deficits, the people of this province will have paid over \$1 billion just paying the interest charges alone on covering finance charges - \$1 billion covering the interest. I say to the people of Saskatchewan what could we have done with \$1 billion? We could have built schools and hospitals and highways; we could have helped our farmers in need.

But this government chose to run up debt, to give away money to the oil companies in the tune of \$1.7 billion. They have opted to give to the Pocklington of the world millions of dollars. And I'll tell you, Mr. Speaker, the people of Saskatchewan are sick and tired of the mismanagement of this government.

Some Hon. Members: Hear, hear!

Mr. Koskie: - I say, Mr. Speaker, the Minister of Finance said his government had made choices. I say they have made choices. The PC government has chosen oil companies over families; he has chosen banks over farmers; it has chosen its corporate and political friends over ordinary people that depend on essential public services like health and education. Those are the Tory choices, and this side of the House say those are wrong choices, Mr. Premier.

Some Hon. Members: Hear, hear!

Mr. Koskie: — I want to say, Mr. Speaker, in looking at this budget and the previous budgets of this administration, one can only conclude that what has happened is that they have mortgaged our future with almost \$4 billion of deficit. They have squandered our heritage in health and education and social programs with savage cuts. They have picked the pockets in the biggest tax grab in the history of this province, something like over \$500 million in the past three and a half years.

Mr. Speaker, you know, when the minister began his speech, it reminded me of a little poem which said:

"Give me a theme," the minister cried,
"And I will do my part."
"It's not a theme you need," the people of
Saskatchewan replied,
"It's a heart."

Some Hon. Members: Hear, hear!

Mr. Koskie: — Mr. Speaker, I want to indicate that this is a hopeless budget and a very heartless budget. And nothing sums up better the philosophy of the members opposite than these words: But I, being poor, have only my dreams. And if there were dreams to sell, the Minister of Finance would tax them all as well.

Some Hon. Members: Hear, hear!

Mr. Koskie: — Mr. Speaker, the Minister of Finance has nothing to look backward with pride, and I'll tell you that the people of Saskatchewan have nothing to look forward with hope. And as the unemployed worker said: Dinner

for the rich folks, but just 6 o'clock for me.

Mr. Speaker, this is the third budget that the Minister of Finance has brought in. He has given this province over \$2.1 billion in debt in those three years. He has massively increased the taxes. He has devastated the health care program of this province and decimated the drug program, the dental program. He has taken away opportunities for young people going to university, where the doors of opportunity have been closed because of quotas.

And I say, Mr. Premier, if you're proud of this budget, if you think it represents what the people of this province are asking for, then I ask you and I challenge you to call a by-election and let the people of Saskatchewan have a voice.

Some Hon. Members: Hear, hear!

Mr. Koskie: — Mr. Speaker, I will want to say more in respect to this budget, and I, at this time, would like to move to adjourn debate.

Some Hon. Members: Hear, hear!

Debate adjourned.

Resumption of Budget Debate

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

That the debate on the motion that this Assembly do now resolve itself into the Committee of Finance be resumed on Monday, April 4, 1988.

Motion agreed to.

The Assembly adjourned at 4:25 p.m.