

The Assembly met at 2 p.m.

Prayers

ROUTINE PROCEEDINGS

INTRODUCTION OF GUESTS

Mr. Muller: — Thank you, Mr. Speaker. It gives me a great deal of pleasure today to introduce to you, and through you to the members of the Legislative Assembly, 23 grade 12 students from Meath Park. They're accompanied by their teachers, Bernice McNair and Wayne Wolffe; also their bus driver, Lisa Davidson.

They drove in this morning to have lunch with me at 11:30 and ask me questions, and certainly I hope they enjoy the budget speech this afternoon. I wish them a safe journey home. I would like all members here to welcome them in the usual manner. Thank you.

Hon. Members: Hear, hear!

Mr. Swenson: — Thank you, Mr. Speaker. It gives me a great deal of pleasure today to introduce to you, and through you to the members and our guests today, a group of 19 high school students from the riding of Thunder Creek. They are seated to your immediate right. They are from the high schools of Eyebrow, Briercrest, Pense, Bethune, and several students from the Moose Jaw area which attend high schools in the city of Moose Jaw.

It was a pleasure for me to have them in for lunch today and talk about the legislature and our work as MLAs. I would like all members here to welcome them here to the floor of the legislature today.

Hon. Members: Hear, hear!

Mr. Trew: — Thank you, Mr. Speaker. It gives me great pleasure to introduce to you, and through you to people assembled today, two members seated in the east gallery, a Vicki Northcott, who is the president-elect of the University of Regina Students' Union; seated beside Vicky is Lyndon Surjik, who is the vice-president-elect of finance, again for the University of Regina Students' Union. I ask all members to join me in welcoming these two distinguished guests.

Hon. Members: Hear, hear!

ORAL QUESTIONS

Deficit Forecast for 1986-87

Mr. Romanow: — Thank you very much, Mr. Speaker. My question today is to the Minister of Finance, and it has to do with the 1986 budget and the credibility of the government. Mr. Speaker, as the Minister of Finance will know, he predicted in that budget a deficit of approximately \$390 million, which as we have subsequently found out, in fact, turned out to be a debt not of \$390 million but a debt of \$1.2 billion.

Now on March 16 of this year, his deputy minister of Finance, Mr. Art Wakabayashi, under testimony to the

Public Accounts Committee stated that you, sir, as Minister of Finance, and that the Premier, as the Premier of the province of Saskatchewan, received monthly statements as to the deficit situation and the expenditure and revenue situation for the province of Saskatchewan — before '86 budget and after the '86 budget — indicating that you must have known that the debt prediction in that budget was wildly low. My question to you, sir, is this: why did you have what is now clearly a false and misleading debt position paper in that '86 budget?

Hon. Mr. Lane: — Mr. Speaker, I have a little difficulty accepting a question on budgets and the difference from the *Estimates* from the hon. member that missed by some \$2 billion on potash revenues, oil revenues in the 1981-1982 — both budget and information — to the credit rating agencies.

Having said that, let me go back through to refresh the hon. member's memory, because he has forgotten as we went through the debate. One, certainly this government in 1986 was not accurate, and we've been through the debate on oil prices. We predicted about \$22. Mr. Speaker, that was the year that oil went down to \$10 a barrel. Mr. Speaker, of the three governments in that year that are affected by oil prices, that is ourselves, Alberta, and the Government of Canada, we were the most cautious in our prediction of oil estimates in 1986, and no one predicted that they were going to drop from \$22 down to \$10 a barrel, Mr. Speaker.

Secondly, I made it abundantly clear that we were not taking in that year the Liquor Board revenues that we had indicated we would take. That was a discretionary decision by myself and the government. Mr. Speaker, we made that clear. Secondly, we made it clear that we were going to set a bad debt provision in 1986 for the production loan program. We made that clear.

And thirdly, Mr. Speaker, we made it abundantly clear we were going to take some debt write-offs in 1986. Mr. Speaker, the only part of the budget 1986 where there was not a relationship on the estimates to the actual pricing was on oil, Mr. Speaker. And if the hon. member in fairness would go back and take a look at that time, this government was more cautious in its predictions on oil prices than any other government in Canada.

Some Hon. Members: Hear, hear!

Mr. Romanow: — New question, Mr. Speaker, to the Minister of Finance. The Minister of Finance would have this House believe and the people of the province of Saskatchewan believe that all of a sudden these are facts and figures which have come to his attention, that somehow he didn't have all of these figures and explanations which he has given to us at the time that he was the Minister of Finance back in 1986 and after the budget of 1986.

Isn't it true, Mr. Minister of Finance, that you had those, you had those explanations, and you knew that the debt was heading toward \$1.2 billion, and still you misled the people of the province of Saskatchewan by predicting it at

\$390 million. Why is that the case? Give us the answer.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Well again what the Leader of the Opposition of course does not understand, and I find it somewhat regrettable that, Mr. Speaker, we received in the Department of Finance estimates throughout the course of the year. In no case do we begin until about the last quarter of the fiscal year to begin to get some firm numbers. We get estimates on what equalization . . . they are up and down. Mr. Speaker, we get variations on retail. No one credibly, Mr. Speaker, takes a look at the estimates in the first quarter of a fiscal year as meaning anything throughout the course of the year, Mr. Speaker.

So having said . . . (inaudible interjection) . . . well, I can sit and tell the hon. member right now — and it's amazing to me that he doesn't understand — that even today we get adjustments on what the equalization payments would be from the federal government. Mr. Speaker, we do not even close the books, nor does any government in Canada close the books, for another month after the fiscal year, because we keep getting adjustments on our revenues, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Mr. Speaker, I have a new question to the Minister of Finance. Is the Minister of Finance, by virtue of the answer which he has just given us, telling us that these monthly reports that Mr. Wakabayashi gives to you, sir, and to the Premier, as a result of reports from the departments, that these monthly reports are virtually meaningless; that you ignore them for the first quarter or second quarter or, for that matter, to listen to your answer, ignore them right until the very last quarter? What in the world is the purpose of giving these monthly reports to you except to keep the government apprised of your fiscal situation?

And, sir, your fiscal situation in that year was desperate, as it is this year desperate. And you, sir, betrayed the people of Saskatchewan by not telling them the truth. I want to know why you hid it in your budget of that time and since that time.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Unfortunately, Mr. Speaker, I can explain to the hon. member over and over and over again, and I'm having some difficulty getting through; what I told the hon. member: if, for example, after the first quarter the price of oil drops from \$22 to \$10 in the second half of the fiscal year, it has an effect on the budget. If it happens at Christmas time, it has an effect on the budget. If we have an equalization adjustment because of the economy in Ontario, it has an effect on the budget.

Mr. Speaker, I hate to have to go through an elementary lesson to the Leader of the Opposition who should know better. But that is why, Mr. Speaker, we call them estimates, because we do take estimates of what our revenues will be. And I have gone through, Mr. Speaker, the litany of the decisions that I and the government made

after the 1986 year to begin to take write-downs and have a bad-debt provision. We made those decisions after the fact, Mr. Speaker.

The one area that we did not contemplate, which I have freely and often acknowledged, that we did not know in 1986 that oil would go from \$22 a barrel down to \$10 a barrel. And I suggest, Mr. Speaker, no matter how all-wise the Leader of the Opposition thinks he is, that no other government in Canada, Mr. Speaker, predicted oil to go from \$22 to 10, nor did any other government in the world, Mr. Speaker.

Some Hon. Members: Hear, hear!

Servicing of Budget Deficits

Mr. Shillington: — Thank you very much, Mr. Speaker. It's probably unnecessary, Mr. Premier, to remind you that oil wasn't \$22 a barrel when you brought in the budget, and it didn't get to \$10 a barrel.

Some Hon. Members: Hear, hear!

Mr. Shillington: — I want to deal, Mr. Minister, if I might . . . if the minister can control his temper, I want to deal if I might, Mr. Minister, with another of your fables. And this fable is that you've managed the province wisely and you've been building. All you've been building, Mr. Minister, is a \$3.8 billion debt.

Some Hon. Members: Hear, hear!

Mr. Shillington: — That's a half a billion a year. My question, Mr. Minister, is: will you tell us what the yearly cost of servicing this debt will be this year, and will you admit that this year it's going to be the third-largest item of expenditure in this government?

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Well I'm sorry that the opposition Finance critic has fallen trap to the opposition inconsistent arguments. If I give him the information, I'm going to be accused of leaking the budget. So I mean, you can't have it both ways. Your inconsistencies have been obvious, Mr. Speaker.

I will make it abundantly clear, as we have in the past, when there is a drought and when there are difficulties in agriculture, we will help, Mr. Speaker . . .

The Speaker: — Order. Order, order. Order.

Some Hon. Members: Hear, hear!

The Speaker: — The Minister of Finance has a few words he'd like to wrap it up with. I'll allow him to do that. I'm having difficulty hearing him.

Hon. Mr. Lane: — And, Mr. Speaker, when he talks about the economy, let me remind the hon. member that you have opposed every single job creation effort to date — 2,900 jobs from privatization and public participation already. You say no. You sit and you complain that you want to shut down the uranium mines, but you're

interested in creating jobs. Mr. Speaker, the inconsistencies are consistent, Mr. Speaker.

Some Hon. Members: Hear, hear!

Promise of Tax Reductions

Mr. Kowalsky: — Mr. Speaker, my question is also to the Minister of Finance. Mr. Minister, prior to forming government, you campaigned, indeed you promised the people of Saskatchewan that you were going to reduce the personal income tax by 10 per cent.

I regret in having to say that you broke that promise; you broke it. Mr. Speaker, instead what you did is you introduced a flat tax of 2 per cent, which is costing the average family \$600 per year.

My question, Mr. Minister, is: when are you going to keep the faith; or if you don't, how do you expect us to believe anything that you might have in this year's budget?

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — I must say, Mr. Speaker, the tenor of questions today indicates a fear of this budget from the opposition that I haven't seen before, Mr. Speaker. I suggest to the hon. member that certainly we have had tax increases, and the tax increases go to help to pay for, for example, education; that now there will be twice as much spent on education than when you were in office.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Mr. Speaker, in some seven years, education expenditures have doubled. Health care has nearly doubled in seven years over your 11 years, Mr. Speaker. And, Mr. Speaker, I can say, without leaking the budget, that after the budget, when fair-minded people have had a chance to read it, they will find, Mr. Speaker, that in most levels of income Saskatchewan people will continue to be the second-lowest taxed people in Canada.

Some Hon. Members: Hear, hear!

Tax on Gasoline

Mr. Calvert: — Mr. Speaker, my question is also directed to the Minister of Finance, and it concerns another of his broken promises. Mr. Speaker, and Mr. Minister, in 1982 you promised the people of Saskatchewan that as long as there was a PC government in power in this province there would not be a gas tax. Well now we've got the worst of both worlds — we've got the PC government and the gas tax.

Mr. Minister, the tax right now is 7 cents a litre. Who knows what it's going to be tonight! How can you explain this betrayal of the promise that you made?

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — I must say, Mr. Speaker, that I'm surprised at that particular question. The member wasn't around at the time, I don't think, but let me just refer, if I

may, and quote the former leader of the opposition and leader of the New Democratic Party when he talked about gasoline tax. He was complaining about no gasoline tax at the time, and in 1984 the then leader of the opposition said:

I don't believe that Saskatchewan people should be supplying road use free to truckers.

He said the NDP takes a different position, that those people, those out-of-province truckers should pay the tax but Saskatchewan citizens should not pay the tax, Mr. Speaker. The NDP, Mr. Speaker, somehow want a system, Mr. Speaker, that we have a separate pump for out-of-province truckers, another gas pump for out-of-province tourists, and then we have a third one for Saskatchewan people.

Mr. Speaker, we have said, and repeated over and over again, that in order to tax those people from out of province, Mr. Speaker, the only effective way is the rebatable gas tax so Saskatchewan people, Saskatchewan individuals still, Mr. Speaker, if they keep their receipts, do not have to pay the gas tax, Mr. Speaker, the only province in Canada that has that benefit for people.

Some Hon. Members: Hear, hear!

Promise to Remove Sales Tax

Ms. Smart: — Thank you, Mr. Speaker. My question is also to the Minister of Finance, and it concerns another one of his broken promises. Mr. Minister, in 1982 you promised that you would phase out the sales tax, and in seven budgets you have failed to keep your promise. Mr. Minister, you have increased the sales tax, and that's been very, very hard on people on low income and middle income people. They are waiting today to see if you are going to keep your promise to the people of Saskatchewan, or are you going to continue to keep the sales tax?

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Mr. Speaker, certainly, and the hon. members may even recall that we did increase the sales tax from five to seven. But, Mr. Speaker, let me remind the hon. member that there are exemptions in the province of Saskatchewan.

Mr. Speaker, our government exempts clothing under \$250. Mr. Speaker, our province has taken the sales tax off the electrical and gas bills, Mr. Speaker. We have a special income tax deduction for low income people, Mr. Speaker, to help them for the very reasons that the hon. member has said, so I suggest to the hon. member — and with no tax on gasoline if people keep their receipts. I suggest to the hon. member, Mr. Speaker, that of all the provinces in Canada that have a sales tax, Saskatchewan has the greatest number of exemptions, and secondly, the lowest tax base or the narrowest tax base.

I may recall the hon. member, I may tell the hon. member that under the . . .

The Speaker: — Order.

Some Hon. Members: Hear, hear!

The Speaker: — I'd just like to remind the hon. member that I did indicate to him that I sat him down and that he had made his point, and I don't wish that he persist in speaking.

High Interest Rates

Mr. Lautermilch: — Thank you, Mr. Speaker. My question, as well, is to the minister of denial, the Minister of Finance. Mr. Minister, I want to say that you know that small-business operators are under a great deal of stress and threat because of Mulroney's high interest rate policies. In 1982 you promised the small-business sector in Saskatchewan prosperity, but all they've seen is bankruptcy and tough times; you broke your promise.

My question is this: why have you sat on your hands regarding high interest rates, and will you act today to protect Saskatchewan small business from Mulroney and his high interest policy?

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Mr. Speaker, I don't deny for a minute that the small-business community has had serious difficulties, and you can sit and put the blame on this government for the drought — that's what you do and the hon. member says we do; other fair-minded people don't go to that extreme.

Having said that, let me remind the hon. member that last year this government committed to a small-business tax rebate for the business taxes, the largest portion of which is imposed by your NDP friends and the NDP government in the city of Regina — led by your friends, the NDP mayor of Regina — which imposes some 40, nearly 50 per cent, of all the business tax collected in this province comes from the only NDP government in this province in the city of Regina, Mr. Speaker.

Let me also remind the hon. member of the mortgage interest protection programs for Saskatchewan people so that Saskatchewan people are in fact protected from high interest rates on their homes, Mr. Speaker. Other initiatives will be announced. I hope the hon. member is supportive as he is critical.

Some Hon. Members: Hear, hear!

Unemployment in Saskatchewan

Mr. Hagel: — Thank you very much, Mr. Speaker. My question is to the Minister for Human Resources, Labour and Employment. Mr. Minister, you will be aware that over the past 14 months Saskatchewan has had a net loss of 21,000 people — in the last 14 months alone — and our unemployment grows — 9.1 per cent in 43,000 unemployed in February.

My question to you, sir, is this: will this budget today recognize that your government's privatization plans are not working? And will it provide concrete action — concrete action — to bring back our young people and to

provide jobs for the people of Saskatchewan again?

Some Hon. Members: Hear, hear!

Hon. Mr. Schmidt: — Well, Mr. Speaker, I'm pleased that the opposition has given me an opportunity to point out that diversification is working in Saskatchewan, and that if it were not for the sad state of agriculture and world market conditions, that we would have a net increase in jobs; there is a net increase in jobs outside of agriculture, and that there is a massive decrease in jobs related to agriculture.

That problem of crisis in agriculture has spread to the cities. Certainly the Government of Saskatchewan, who has done more for farmers than any government in history, cannot be blamed for the agricultural situation. We have done much to alleviate it. But it is clear that if it were not for diversification, this province would be in deep trouble.

This government has, through diversification, brought in new corporations through public participation. You see now a successful pulp mill and paper mill in Prince Albert. Those are all good jobs. Those are non-agricultural jobs. Those are examples of what diversification does for this province. And when we get rain, and when the prices go up as they are now, things will be a lot better in this province.

Some Hon. Members: Hear, hear!

Grants to Universities

Mr. Rolfes: — Mr. Speaker, my question is to the Minister of Education. I've had enough of deny, deny, deny from the Minister of Finance. Mr. Minister, this deals again with another broken promise. You promised to the university students of the U of R that they would have their student union centre during the 1986 election. The students are still waiting for that promise to be carried out. And my question to you will be whether or not that promise will be carried out in the budget.

And secondly, Mr. Minister, 1,100 students, qualified students, last year were unable to attend post-secondary institutes and universities, qualified students, because of lack of funding by your government.

Would you mind telling us today also whether the budget will make sufficient moneys available so that our students don't have to leave this province, and that they will have access to post-secondary institutes and our universities so that they can be prepared for the 21st century. Will there be sufficient money available?

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Mr. Speaker, relative to what will be in today's budget, I'll leave that for later this day when the Minister of Finance will announce those budget initiatives. And that's as the House would dictate, Mr. Speaker.

Relative to what's been going on at our universities, Mr. Speaker, the track record there, albeit that there are

pressures, but if I look back at over the last five or 10 years, what we have seen there is more and more of our young people having the opportunity to get a post-secondary education in this province, whether it be at our newly formed regional colleges — that rural network we have established across this province, Mr. Speaker — or at the newly formed technical institute, SIAST (Saskatchewan Institute of Applied Science and Technology), or at our two universities.

In fact, Mr. Speaker, this very day well over 50 per cent of the grade 12 children, some of these grade 12 children that we have in this House today, Mr. Speaker — this very day, over 50 per cent of those young people go on to a post-secondary education training. Now that's . . . maybe we'd like it to be 60 or 70 per cent, but, Mr. Speaker, that speaks well to the priorities of the people of this province to see that many young people go on to post-secondary education.

I think our commitment to education is outlined by that single phrase that the Minister of Finance said earlier today, since this government, since this Premier took over administration of this province in 1982, education spending in this province has doubled, Mr. Speaker. That's our commitment.

Some Hon. Members: Hear, hear!

Grants to School Divisions

Ms. Atkinson: — My question is to the Minister of Education.

Mr. Minister, last night in Saskatoon you told the Saskatchewan Teachers' Federation that the government portion of school board expenditures has not decreased under your government. The teachers and trustees at that meeting, Mr. Minister, did not believe you. They know that the government grants to school divisions as a percentage of school board expenditure has dropped from 55 per cent in 1981 under a New Democratic government to 49 per cent in 1988 under a Conservative government.

Will today's budget, Mr. Minister, put an end to school boards having to increase local taxes, dip into reserves, cut programs, raise student-teacher ratios, and close schools as we just saw in Regina?

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Mr. Speaker, first of all, I don't accept the hon. member's arithmetic. Historically and traditionally, and as it has been in the past and as it will be in the future, the amount of dollars that come from the provincial government as opposed to the local property tax base has always been around 50-50. It's a partnership where we equally share, and there may be a plus or minus 2 per cent one way or the other in any given year, but certainly it has not eroded.

And certainly, Mr. Speaker, if you compare the mill rate increases and the off-loading under the NDP in the '70s, in the heady days of the '70s, mill rate increases at local levels were far outstripping anything we've seen in the

last years, even during these tough times, Mr. Speaker. So I don't accept those numbers.

The bottom line, Mr. Speaker, is Education spending has doubled, and in a per pupil basis over the last seven years, there has been a 60 per cent increase in per student funding while inflation was only 35 per cent, Mr. Speaker. And our student population base has basically stayed about the same at 200,000 people, Mr. Speaker. That's our commitment to education, Mr. Speaker.

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 Her Honour the Lieutenant Governor.

The Speaker: — I have the following message from the Lieutenant Governor which I now wish to convey to the House:

The Lieutenant Governor transmits estimates of certain sums required for the service of the province for the 12 months ending March 31, 1990, and supplementary estimates of certain sums required for the service of the province for the 12 months ending March 31, 1989, and recommends the same to the Legislative Assembly. (Signed) Sylvia Fedoruk, Lieutenant Governor, province of Saskatchewan.

Hon. Mr. Lane: — Mr. Speaker, I move, seconded by the Premier, the member from Estevan:

That Her 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. I rise to present the third budget of this Progressive Conservative administration.

In 1986 and 1987 an increasingly volatile world economy threatened Saskatchewan's economic and financial well-being. International prices for the province's major commodities fell sharply, resulting in a serious revenue shortfall along with an increased demand for government services. The change in economic conditions was both sudden and profound.

Mr. Speaker, this government responded quickly and decisively. The four-year economic and financial plan we implemented in 1987 has strengthened our fiscal

position. More importantly, it has given us the flexibility to fulfil our commitments to protect and enhance essential programs for health, education, the family and the family farm, and to develop and diversify our economy.

This budget builds on the plan and positions Saskatchewan for the future. Today I will announce innovative measures to advance and strengthen essential services. Mr. Speaker, we will continue to ensure that Saskatchewan's health, education, and family programs remain Canada's finest through the 1990s and beyond.

I will also announce new initiatives to help our rural and urban communities and businesses to take advantage of expanded opportunities at home and abroad, generating jobs and prosperity. The world economic outlook for the 1990s is not without risk. Large international debt loads and persistently high national deficits are among the factors that could slow or even halt the economic expansion the world enjoys today.

The recent rise of interest rates is particularly worrisome for economies such as Saskatchewan. The Premier has brought this issue to national attention, and we will work with other governments to attempt to resolve it.

This government will continue to offer protection from high interest rates through initiatives such as the mortgage protection plan which holds mortgage rates to nine and three-quarter per cent, assistance programs for students, interest-free livestock cash advances, and low interest loans provided by the Agricultural Credit Corporation of Saskatchewan.

Despite specific concerns, total output and business investment are expanding steadily in many countries, including Canada. World trade is growing rapidly and this brings opportunity and prosperity, and Saskatchewan has benefitted from this expansion. Today one in four jobs in this province depends on trade.

The Canada-U.S. Free Trade Agreement increases Saskatchewan's prospects for economic growth over the coming decades. It will strengthen our economy by increasing investment, by encouraging our industries to become even more competitive, and by creating jobs. And this government fully supports the free trade agreement. The free trade agreement also strengthens our bargaining position as we pursue the removal of trade barriers world-wide.

The recent General Agreement on Tariffs and Trade discussions on agriculture demonstrate that international trade liberalization is a slow process. However, we believe these discussions will pay economic returns over the years. Accordingly, this government will continue to participate actively in the multilateral trade negotiation process.

Last year, Mr. Speaker, Saskatchewan's agricultural economy experienced the worst drought in nearly 30 years. The volume of crops harvested fell by 50 per cent and farm employment declined. Nevertheless, this government's economic diversification initiatives lessened the drought's impact.

In 1988 Saskatchewan had Canada's second lowest unemployment rate. Non-agricultural employment rose 3 per cent. The value of retail sales rose nearly 5 per cent to \$5.5 billion. Oil and gas well drilling increased by 30 per cent. And Saskatchewan for the first time became a net exporter of natural gas.

Our economic growth will accelerate in 1989, and we have every reason to be optimistic about the years ahead. Major Canadian forecasters agree. The Conference Board of Canada expects that with a recovery in crop yields, Saskatchewan's economy will grow by 8.8 per cent in 1989. This will be the fastest growth among the provinces of Canada, and the board predicts that 11,000 jobs will be created in Saskatchewan. Data Resources of Canada also foresees 1989 Saskatchewan economic growth as the strongest in the country.

Mr. Speaker, this government has protected Saskatchewan people from adverse events beyond their control. When mortgage interest rates were in excess of 19 per cent, this government introduced mortgage interest protection to ensure that Saskatchewan families did not lose their homes. When escalating living costs eroded seniors' incomes, this government increased the monthly seniors' income supplement for singles by 220 per cent, from \$25 in 1981 to \$80 today; and for couples, by 200 per cent, from \$45 in 1981 to \$135 today. And we also introduced the \$40 million senior citizens' heritage program.

When the stock market crash in 1987 reduced the return on investments for teachers' pensions, this government provided an additional \$19 million to the teachers' superannuation fund.

When the farm debt crisis threatened farmers, we introduced The Farm Land Security Act to provide for a fair resolution of debt problems. But last year's drought caused many Saskatchewan farmers and communities severe distress. For example, the Maple Creek and Weyburn areas received under 60 per cent of normal rainfall and crop production fell accordingly.

Again, Mr. Speaker, this government responded quickly and decisively. We made it a priority to ensure that the \$450 million in Canada-Saskatchewan crop insurance claims were processed promptly. We initiated the \$25 million green feed program and the \$39 million livestock drought assistance program to ease farmers' financial burdens and to try and protect rural communities. As well, the Saskatchewan Water Corporation provided almost \$9 million last year to increase water supplies.

The extremely dry conditions also threatened Saskatchewan's northern forests. We protected northern communities and forests from a record number of forest fires at a cost of over \$32 million. Despite these adversities we will meet our 1988-89 deficit target of \$328 million.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Mr. Speaker, this represents a 39 per cent reduction in the deficit from the previous year, and a

decrease of over 70 per cent since we implemented our plan.

Our strategy, Mr. Speaker, is a sensible one. By working with Saskatchewan people and managing wisely, we have protected and improved our social programs, and at the same time pursued economic diversification throughout our province. We will continue this course.

And in 1989-90 we will reduce the deficit significantly for the third year in a row, and this gives us the flexibility to build for the future.

The 1990s hold great promise for our province. Mr. Speaker, we can expect more change in the next 10 years than in the last 100. And change means challenges and opportunities. Sound management gives us the flexibility to meet these challenges and to build on those opportunities. Sound management also means working with Saskatchewan people to build our province and to diversify our economy.

(1445)

Mr. Speaker, we have increased the accessibility of government to the people it serves, enhanced community services, and encouraged, Mr. Speaker, public and employee participation in Saskatchewan's economic development and diversification. Accessibility brings convenience, more opportunities for consultation, and a stronger rural economy.

Mr. Speaker, we have brought the government closer to Saskatchewan people by relocating government offices to Moose Jaw, Melville, Swift Current, and Saskatoon; by placing business resource centres around the province to provide small business information and assistance; by opening rural service centres to make agricultural and other government services more accessible to rural residents.

The enhancement of community services is succeeding through continued co-operation with educators, health care providers, municipalities, and other groups and institutions.

Our partners provide first-rate services. Their experience and expertise have enabled them to take on new responsibilities. For example, the Saskatchewan Abilities Council now manages the Saskatchewan Aids to Independent Living program. The Saskatchewan Association of Rehabilitation Centres has provided over 100 jobs for disabled people in its container recycling depots. The Indian bands of the Meadow Lake tribal council have agreed to deliver child and family services on the reserve.

Saskatchewan people have a tradition of working together toward common goals. Public and employee participation builds on this tradition by giving individuals a direct stake in the economic future of our province.

And this is demonstrated by: over 42,000 Saskatchewan people investing \$295 million in the last Saskatchewan Power savings bond issue; over 33,000 Saskatchewan people investing more than \$100 million in the recent

SaskTel TeleBond issue; employees taking ownership in former government enterprises such as the Meadow Lake Sawmill, the Saskatchewan Government Printing Company, now known as Printco Graphics, and the SaskTel directory operations, to be known as DirectWEST Publishers; and over 90 per cent of WESTBRIDGE Computer Corporation employees purchasing shares in last year's equity offering.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — To further encourage employees to invest in Saskatchewan business, we initiated the labour-sponsored venture capital program. DirectWEST employees will be the first to participate in this program. In addition, applications have been received from Printco Graphics and the Canadian Federation of Labour's Working Ventures.

We will encourage further participation in Crown corporations through public share offerings in the Potash Corporation of Saskatchewan, SaskEnergy, and the general insurance business of SGI (Saskatchewan Government Insurance).

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Mr. Speaker, this government believes that accessibility, co-operation, and public and employee participation are the best ways to build and diversify our province.

Mr. Speaker, I turn now to our number one priority — health care. The people of Saskatchewan enjoy Canada's finest health care system and we will ensure that this continues.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — By working closely with the public and with health care providers, we have improved services through measures such as the recent introduction of the plastic health card. We have built an impressive record of upgrading, replacing, constructing, and staffing health care facilities throughout the province, and this budget reaffirms our commitment.

We will increase health care funding by over \$130 million in 1989, up 11 per cent from last year. We will dedicate nearly \$1.4 billion to health care, or almost \$1,400 for every man, woman, and child in Saskatchewan.

The need to replace and upgrade health care facilities had been sadly neglected before we took office, and we have reversed that trend. This year, we are providing over \$64 million for the construction and renovation of hospitals and special-care facilities across Saskatchewan.

In many provinces, waiting times for surgery are lengthy, but in Saskatchewan we are making substantial progress in increasing the accessibility of elective surgery, especially in Saskatoon where the demand is high. The number of surgeries performed annually in Saskatoon has risen 64 per cent since 1982, from 27,400 to 45,000 surgeries, Mr. Speaker. This includes operations

performed in the new day surgery facilities that this government built and funded.

Capacity for surgeries will be further increased in Saskatoon this year, and this budget allocates an additional \$1.5 million to purchase high cost supplies, and increase surgical staffing. Together with the health care providers, we are also exploring the development of a province-wide information and referral system to reduce waiting times even further.

Our health care system relies upon the excellence of its professional and support staff. We will continue to ensure Saskatchewan attracts and retains the highest quality health care providers in Canada. This budget includes \$646 million for nursing and health care support staff salaries, including the funding for an additional 370 nursing positions.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — All individuals have a vested interest in maintaining a healthy life-style. The government introduced the Everyone Wins program to raise awareness of how to maintain good health, and we will expand our efforts in this area. And we want to help Saskatchewan people to detect health problems early. This year this government will initiate a breast cancer screening pilot project to help women in the high risk age groups in the fight against the leading cause of death from cancer among Canadian women.

Mr. Speaker, substance abuse poses a threat to health and to family relationships. Last year your government increased the support for Saskatchewan Alcohol and Drug Abuse Commission, the Whitespruce Centre for youth and the Calder Centre for adult treatment. And this year, Mr. Speaker, we are providing \$1 million for a major new education outreach and enforcement initiative to prevent alcohol and drug abuse by young people.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Mr. Speaker, the details of our health care initiatives, along with those for education and families and other important areas, are presented in a budget document entitled *Challenges and Opportunities*, which I am pleased to table with this budget.

Mr. Speaker, Saskatchewan people recognize the need to pay for health care innovations we are introducing, and effective midnight tonight the tobacco tax will rise by 1 cent per cigarette, with similar increases for tobacco products. The hon. member across says he quits. The program is working.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Prices of alcoholic beverages will increase to generate an additional \$5 million annually, and effective midnight tonight the rebatable fuel tax will increase by 3 cents per litre on gasoline and diesel fuel. The fuel tax rebate program, which provide benefits to over 280,000 Saskatchewan families, will be maintained and will apply to this increase.

Effective July 1, a new hospitals tax will apply to gaming activities including lotteries, casinos, and bingos, and the moneys raised from this tax will be dedicated to hospitals, Mr. Speaker.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Mr. Speaker, these four measures do not cover this year's increase in health care funding. They will raise 79 per cent of the over \$130 million in new expenditures on health care.

To address the future of health care, this government established the Saskatchewan Commission on Directions in Health Care. The commission's final report, expected later this year, will help this government set priorities to meet the challenges of the future.

Quality education, Mr. Speaker, is an investment in our future. The dollars spent today on basic and advanced education will pay generous returns in economic progress and improvements to our quality of life.

We will spend over \$841 million this year, an increase of \$52 million from 1988-89, to see that Saskatchewan people have access to quality opportunities to learn. This funding level is nearly \$370 million, or almost 80 per cent higher than that provided at the beginning of this decade.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — This government is committed to ensuring that all students acquire a solid foundation to prepare them for a lifetime of learning. We are demonstrating our commitment by: increasing school division operating grants by \$13 million to almost \$350 million, or \$1,700 for every student; by providing \$31 million for the construction and renovation of schools; and by allocating \$14.5 million from the education development fund for special program improvements such as computer technology and resource materials; and by contributing \$4 million in new initiatives to implement education reform, including the expansion of programs to teach students the basic skills of reading, writing and mathematics.

Saskatchewan can be proud of its system of higher education. Our two universities, nine regional colleges and the Saskatchewan Institute of Applied Science and Technology do an excellent job of fulfilling the diverse needs of our student population. In this budget, the universities, SIAST and the regional college system will receive \$225 million in operational funding. In addition, up to \$10 million will be allocated from a new university and institute enhancement fund for the universities and the Saskatchewan Institute of Applied Science and Technology.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — The University of Saskatchewan's Issues and Options Accessibility Task Force has expressed the view, and I quote:

Increased accessibility to a university education need not necessarily be provided on the campus

of the University of Saskatchewan itself. It might come through extension teaching and distance education technology, regional colleges and technical institutes.

Mr. Speaker, this government agrees. A regional college system ensures access to quality educational opportunities in rural and northern communities. To build on these opportunities, the colleges and university will be asked to develop a co-ordinated first- and second-year arts and science program. Through this program, more students will be able to study in their home communities for the first two years of their post-secondary education.

But an extra effort must be made to accommodate individuals such as single parents who have had difficulty in obtaining access to educational opportunities in the past. Our student assistance program gives special recognition to the needs of these students.

Mr. Speaker, this government's welfare reform initiative provides social assistance recipients with skills training to acquire meaningful work, making it easier for them to regain independence. Since we began welfare reform in 1984, over 17,000 people have received class-room and on-the-job training.

Some Hon. Members: Hear, hear!

(1500)

Hon. Mr. Lane: — In addition, the innovative work project initiated by PAR Industries of Prince Albert has trained hundreds of individuals in forestry jobs. And this year, the New Careers Corporation will invest \$5.6 million, an increase of more than 50 per cent, in training projects across Saskatchewan, including the construction and improvement of provincial park facilities. These projects will provide valuable job experience for a further 280 welfare recipients, Mr. Speaker.

But new technology also plays an important role in achieving access to quality education. The innovative Saskatchewan Communications Advanced Network, or SCAN, will bring electronic class-rooms to students throughout Saskatchewan, as well as provide information to farmers, consumers, businesses, and home-makers. Broadcasting is scheduled to commence in 1990.

To further our efforts to increase literacy in Saskatchewan, we will be opening computer-assisted literacy centres in a joint venture with IBM Canada Ltd. The centre is using computers to teach teenagers and adults basic reading and writing skills. These initiatives reflect our determination to ensure access to quality education for the benefit of all Saskatchewan residents.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Mr. Speaker, families do matter in our Saskatchewan. This government has consistently supported families through measures such as: education and health tax exemptions for clothing, some utilities, and other essentials; mortgage interest rate protection for more than 44,000 home owners; the home improvement

program, assisting over 150,000 Saskatchewan families with home improvements and renovations; and the Saskatchewan Pension Plan, contributing to retirement security for 47,000 members, of whom 80 per cent are women and 40 per cent are home-makers.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — To further protect Saskatchewan workers, we will implement pension reform legislation to increase eligibility and to improve survivor benefits and portability. In addition, most public service superannuates will receive a pension cost-of-living adjustment effective April 1989.

But, Mr. Speaker, our children require quality care. I'm pleased to announce that we are allocating \$16 million for the first year of our comprehensive child care development plan, including \$3 million in new funding for child care, Mr. Speaker. The plan will double the number of day-care spaces in the province to almost 12,000 by 1995. And in recognition of the requirements of rural parents, 2,000 of these spaces will be allocated to rural Saskatchewan.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Foster-parents play a special role in Saskatchewan. Last year we introduced Canada's first foster-parent training program. This program provides and improves the skills of foster-parents to meet the needs of children, particularly those children who have been difficult to place. For the second year in a row we will increase payments to foster-parents.

In the past, many people who were legally obliged to make maintenance and child support payments failed to live up to this responsibility. In 1986 this government introduced the automatic enforcement of maintenance orders program to address this problem. The program has helped more than 5,500 people, mainly single parents, to receive regular maintenance and child support payments. This budget strengthens the capacity to pursue these payments and to assist single parents to gain financial independence.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — This government recognizes the potential of many disabled people to participate actively in their community. Community living has allowed the mentally disabled to become more independent. Over 180 residents of provincial institutions have moved into community settings, and this opportunity will be extended to 80 additional institutional residents this year.

Our welfare reform initiatives have helped members of many disadvantaged families to find long-term employment. Welfare reform, Mr. Speaker, is a prudent and proven program and is good value to the taxpayer. While maintaining and enhancing support for those in need, welfare costs have been nearly \$90 million lower than they would have been under the system in place when we came to office in 1982.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Clearly, welfare reform is working.

The farm family is integral to the social fabric of Saskatchewan and is the economic base for most of Saskatchewan's communities, but farm families face unique pressures and problems. This government's support for agriculture has tried to ease the financial difficulties. And this year additional funding will be available to the centre for agricultural medicine in Saskatoon for the study of farm-related illnesses, including those brought on by farm chemicals, grain dust, and stress. These efforts will try to improve the health of farm families. Mr. Speaker, families do matter in our Saskatchewan.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — This government has worked with local people to develop economic opportunities while enhancing the quality of community life. Cultural and recreational facilities are an important part of community life, and since 1983 we have funded the construction and renovation of almost 2,000 such facilities across the province. This year we will introduce a \$33 million, six-year cultural and recreational facilities grant program for Saskatchewan municipalities.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — In addition I am pleased to announce the introduction of a \$100 million, six-year municipal capital program, and this budget provides nearly \$17 million for the first year. This is Saskatchewan's first capital grant program to address the needs of rural municipalities.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — It will assist all urban and rural communities, regardless of size, to build the facilities required to provide a high quality of life, and the program will give high priority to water and sewer projects. Together, these initiatives will provide over \$130 million to our communities over the next six years, and they demonstrate this government's continued support for local communities.

The Municipal Financing Corporation of Saskatchewan plays an important role in financing of school, hospital, and other municipal construction and local improvement projects. The corporation purchases up to 50 per cent of municipal debentures for sale by the Saskatchewan municipal board. During 1988, 56 projects were assisted by the purchase of nearly \$27 million of municipal debentures. I'm pleased to announce that urban and rural municipalities will now be able to obtain up to 100 per cent of their capital financing requirements for water and sewer projects from the municipal financing corporation.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — And to further assist municipalities we will encourage the Saskatchewan Municipal Board to approve the financing of water and sewer projects over longer terms. Rural and small urban municipalities are

now involved in this government's rural development corporation and community economic development program. I'm pleased to announce that changes will be made to the venture capital program to allow rural development corporations to qualify. Our new rural service centres will also help foster community economic development by providing convenient access to timely business and economic information. And this year the rural service network will expand to 52 communities across the province.

Some of our northern communities have required special assistance to diversify and enhance their quality of life. In addition to including northern municipalities in the new cultural and recreational facilities grant program, this budget continues to support northern economic development programs. This year the first \$1.2 million of a \$13 million 10-year commitment will be provided for the development projects at Cumberland House. At the request of that community, the New Careers Corporation will assist with locally identified construction projects.

This government has helped urban, rural, and northern people to implement innovative measures to enhance their economic opportunities, to create jobs and to ensure that our communities are vibrant and attractive places to live.

Mr. Speaker, environmental protection is a prerequisite for a high quality of community life, and this budget allocates over \$22 million to preserve and enhance Saskatchewan's environment.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — This includes funding to implement a program to collect and dispose of hazardous agricultural chemicals, to safely centralize PCBs in the Boundary Dam storage facility, develop a comprehensive hazardous waste handling and disposal system for the province in consultation with industry, other interested groups, and Saskatchewan people.

To ensure safe drinking water we will introduce a water quality management system, and we will improve monitoring and control of industrial waste water and establish standards for water basin quality.

Soil conservation is a serious concern to the people of this province. The soil conservation initiatives we have implemented have helped to protect the viability of Saskatchewan agriculture. Many groups have also recognized the importance of soil conservation and requested this government's assistance in preserving our soil. For example, the United Church of Canada suggested that the Saskatchewan government should develop long-term soil conservation policies. Mr. Speaker, this budget provides funds for a three-year, \$54 million soil conservation agreement with the federal government.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — The field shelter-belt planting program, a permanent cover program, and a marginal land use adjustment program will be initiated under this

new agreement.

And this budget furthers our commitment to renew Saskatchewan's forests. We are providing more than \$5 million to continue the five-year, 50 million seedling reforestation program begun in 1988.

And people in industry must help in our effort to preserve the natural environment for our future generations. Accordingly, this government will increase the fines levied under existing provincial environmental statutes, introduce legislation to protect the ozone layer, and introduce legislation to allow for an environment tax on environmentally harmful products.

And as the first initiative under the environment protection tax, effective midnight tonight, purchases of leaded fuel in the province will be subject to a 2 cents per litre non-rebatable environmental surcharge. This measure recognizes the contribution of users of unleaded fuel to environmental protection and will reduce the use of leaded fuel before its sale terminates in December of 1990. Mr. Speaker, these environmental measures will enhance our quality of life as they support sustainable economic growth.

The future of our social programs depends, however, on continued economic growth and diversification. We must work together to diversify our economy and to create jobs, and we must look to the future and build on our strengths.

And agriculture remains, of course, Saskatchewan's most important industry. It is the foundation of our economy and we have tried to protect that foundation, Mr. Speaker.

The production loan program has provided over \$1 billion in low-interest loans and offered extended repayments where needed. The Farm Land Security Board has established a process of fair and equitable mediation for farmers experiencing financial difficulty. The counselling and assistance for farmers program has guaranteed over \$166 million in farm loan.

Canada-Saskatchewan crop insurance payments and other special drought assistance payments amounted to over \$500 million in 1988. The federal Canadian crop drought assistance program will complement our provincial drought initiatives by providing over \$400 million to Saskatchewan farmers.

Mr. Speaker, we will continue to pursue long-term solutions to the problem of farm debt. We will provide financing initiatives to assist farmers and to encourage young men and women to choose farming as a career. The mandate of the agricultural credit corporation, I'm pleased to announce, will be extended to include debt refinancing for viable farm operations; financing of the home quarter and necessary farm related facilities; long-term financing to cover the first year start-up cost; and the restrictions on off-farm income will be removed to eliminate any disadvantage to farmers with off-farm employment.

Some Hon. Members: Hear, hear!

(1515)

Hon. Mr. Lane: — Through the agricultural credit corporation this government will also initiate a new vendor mortgage guarantee program to provide financial security for retiring farmers and to encourage them to help young farmers acquire farm land. By guaranteeing mortgages to beginning farmers, the program will try to remove the risks associated with the sale of land.

And we will establish a voluntary farm equity financing pilot project. Through a new agricultural company, Saskatchewan investors will be offered the opportunity to participate in the farm sector.

Mr. Speaker, these five new initiatives will help position farmers for the challenges and opportunities of the future.

Agricultural diversification will place Saskatchewan farmers on the forefront of industry advances and this budget will provide over \$29 million from the agricultural development fund, including \$21.7 million for agricultural research and development, and \$7.6 million for irrigation grants to farmers, agricultural biotechnology and food processing and commercialization.

Saskatchewan's manufacturing and processing industries have made major gains in recent years and generate significant economic activity in all regions of the province. In 1988, new capital investment in this sector totalled over \$550 million. Manufacturing and employment in 1988 rose 17 per cent or by 4,000 jobs, and the value of factory shipments for most product categories reached a record level, Mr. Speaker.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Through our support to trade and diversification, we have stimulated the growth of many manufacturing and processing firms throughout Saskatchewan.

Intercontinental Packers of Saskatoon has created over 200 jobs since it modernized its hog processing facility, and this year the company will double its beef processing capacity, creating 140 new jobs. The company is taking advantage of opportunities in the United States market and is pursuing additional business in the Asia-Pacific area.

Canada Packers has announced its intention to double the slaughtering capacity at its Moose Jaw plant, providing 36 new jobs. The \$745 million NewGrade Co-op heavy oil upgrader is now in production and has created 125 new jobs.

When completed in 1992, the \$1.2 billion Husky upgrader at Lloydminster will produce 46,000 barrels of light oil per day and employ an additional 165 Saskatchewan workers.

The \$250 million Weyerhaeuser fine paper mill at Prince Albert began production last year, creating new jobs for 170 people. This year that company will undertake a \$21 million expansion to produce finished, cut paper.

Millar Western Industries announced that it will construct a \$235 million pulp mill at Meadow Lake, and new jobs will be created for another 110 people.

Last year's merger of federal and provincial Crown corporations to form Cameco, the Canadian Mining and Energy Corporation, created the world's largest uranium mining and processing company, and it's headquartered in Saskatoon.

These and other major projects across Saskatchewan have provided thousands of new construction jobs and millions of dollars of business to Saskatchewan suppliers. For example, Saskatoon Chemicals is undertaking a \$25 million expansion to increase the supply of a key ingredient for pulp and paper production.

To assist in the development of local business, this government established the Buy Saskatchewan agency in 1987. The agency has encouraged hospitals, school boards, local governments, and Saskatchewan businesses to seek Saskatchewan suppliers. It has also encouraged local people to supply the needs of these groups. The Buy Saskatchewan agency has helped Saskatchewan firms to secure more than \$140 million in contracts and has played an important role in the development of over 50 new product lines in the province.

The Canada-U.S. Free Trade Agreement will accelerate business activity in the 1990s as Saskatchewan gains increased access to the world's largest market. We will implement programs to assist Saskatchewan firms to take advantage of new trade opportunities, including the export marketing assistance program to share the cost of new marketing activities, and the export project development program to assist industry to develop long-term strategies for market identification and penetration.

Mr. Speaker, to raise new capital for Saskatchewan's manufacturing and processing industries, including exporters, we have established the Saskatchewan government growth fund. It is expected that that fund will make available up to \$100 million in investment funds with \$36 million available in the first year, and the fund will help finance economic opportunities throughout all of Saskatchewan.

Mr. Speaker, service industries have been at the forefront of business growth in the 1980s, and the 1990s hold even more promise. This government's initiatives have enhanced significantly the profile of Saskatchewan's service sector.

The new Investment Corporation of Saskatchewan is one of Canada's 10 largest institutional investment counselling firms, managing client assets of over \$3.3 billion. The corporation is helping develop the financial services industry in this province.

And the WESTBRIDGE Computer Corporation is western Canada's largest fully integrated computer company. The corporation has over \$6 million in new out-of-province contracts, and has already created 50 new jobs here in Saskatchewan.

Our assistance to the tourism industry has helped Saskatchewan to begin to provide world-class tourist destinations for local residents and out-of-province visitors alike. Three private sector resorts opened in provincial parks in 1988 with facilities such as the Manitou Springs Mineral Spa in Manitou Beach, the Saskatchewan Trade and Convention Centre in Regina, and Saskatoon's Saskatchewan Place are drawing visitors to all parts of our province. And our continued co-operation with the private sector and with other governments will ensure a further development of Saskatchewan tourism.

And this government continues to recognize the importance of Indian and native communities, of economic development opportunities. Accordingly, we will in this budget be increasing support for the Indian economic development and native business development programs.

Small business, Mr. Speaker, is the major source of Saskatchewan's economic activity and job creation. And strong, small businesses support healthy local economy. This budget will enable our small business community to take advantage of emerging economic opportunities at home and abroad. Saskatchewan's small businesses will benefit from \$1.1 billion in provincial hospital, school, highway and road construction, and other capital projects that will support over 9,500 jobs.

And funding to improve our transportation network alone will total 121 million, 9 per cent above last year's level.

We will restructure, for the small business community, we will restructure and expand SEDCO's (Saskatchewan Economic Development Corporation) programs to provide new, more flexible financing options to help small businesses cope with the difficulties posed by high interest rates and volatile cash flow. Lending services will include loans to small businesses and loan guarantees to business associations and rural development corporations. We will improve our economic tax credits to ensure that they are flexible enough to meet the business development requirements of the 1990s.

And we will continue to support the economic contribution of Saskatchewan co-operatives. The NewGrade Co-op upgrader project and the success of Co-operators Data Services Limited which performs the claims processing function for the Saskatchewan prescription drug plan illustrate the potential of co-operatives to support Saskatchewan's economic diversification objectives.

But we recognize that local business taxes have been a burden for many small businesses, especially given the unsettling effect of the drought on business conditions. The \$10 million business tax assistance program will provide needed business tax relief, and business taxes in Saskatchewan will drop by an average of 25 per cent as a result, Mr. Speaker.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — These four new programs will be of

assistance to small business, Mr. Speaker, because Saskatchewan small businesses face many challenges. However, challenges bring opportunities, and we will continue to work with small business to realize those many opportunities.

As I indicated earlier, our economic financial plan is working. We responded rapidly to the drought and to northern forest fires, and we still achieved our deficit target of 328 million for the fiscal year ending March 31, 1989.

Our 1989-90 expenditure plan is focused on the priorities of health, education, support of the family and the family farm, and economic diversification. Through the careful balance of priority spending, including \$314 million in capital spending, and sensible revenue measures, we will reduce the deficit for the third consecutive year to \$226 million. This represents a drop of 102 million or 31 per cent from our 1988-89 deficit.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Mr. Speaker, since coming to office in 1982, our government has worked with the people of this province to protect and improve the social programs Saskatchewan people cherish, and to diversify and develop the provincial economy, and to manage responsibly. The record speaks to our success.

The 1990s and the years beyond promise new challenges and new opportunities for all Saskatchewan people. But together we must act boldly to meet these challenges and to seize those opportunities. Mr. Speaker, I move, seconded by the member from Indian Head-Wolseley:

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

Some Hon. Members: Hear, hear!

Mr. Shillington: — I think, Mr. Speaker, it's only fair to begin by commensurating with the Minister of Finance in his ongoing problems with elementary arithmetic. It began, Mr. Minister, in the first line. You said, I rise to present the third budget of this Progressive Conservative administration. Mr. Minister, it's your eighth. Now it's not as big a mistake as you've made in the past, but in percentage terms it's still fairly serious.

Some Hon. Members: Hear, hear!

Mr. Shillington: — I can well understand, Mr. Minister, why you'd prefer to forget at least five of those budgets. I can well understand that, Mr. Minister.

Some Hon. Members: Hear, hear!

Mr. Shillington: — You'd prefer to forget them because there've been eight straight deficit budgets. This is the eighth in a row.

Three words I think, Mr. Minister, and Mr. Speaker, sum up this budget. It is cruel, it is incompetent, and it's cooked.

Some Hon. Members: Hear, hear!

Mr. Shillington: — Mr. Speaker, I should have begun by welcoming to the Assembly the many guests who aren't ordinarily here. I am not sure what their invitation said. It should have invited them to the minister's annual spring cook-out, because that's what the budget has become.

Some Hon. Members: Hear, hear!

Mr. Shillington: — The Minister of Finance turns this charade into a cook-out when you claim that you've reduced the budget deficit for this year. It's cooked, Mr. Minister, because you've claimed to be wisely managing tax dollars.

I heard you, Mr. Minister, use phrases such as "managing wisely," and "sound management." Well, Mr. Minister, if eight straight budget deficits are managing wisely, someone ought to send a note of clarification to *Webster's Dictionary*, because they've got it wrong.

Some Hon. Members: Hear, hear!

(1530)

Mr. Shillington: — Mr. Minister, you claim to be able to manage change, and you want taxpayers to believe that a deficit which now tops \$3.9 billion is managing change. And you want them to believe it's due to bad luck. That, Mr. Minister, is a bald falsehood, equalled only, I might add, by your attempt in 1986 — in 1986, Mr. Minister — to tell us that the deficit was 380 million. Taxpayers still recall that; many call it "the \$800 million whoops."

Before the provincial election, you told the people of Saskatchewan that the budget deficit for 1986 would be \$380 million. As a result, Mr. Minister, of what has come out in **Public Accounts**, we now know that you knew the revenue estimates were inflated — what your deputy has called ministerial discretion. We know that you knew throughout the year that that deficit was not accurate. And, Mr. Minister, when asked why you had overestimated it and why you deceived the public of Saskatchewan, you said in the only moment of candour that I can recall from this minister, "What do you expect from a politician?"

Some Hon. Members: Hear, hear!

Mr. Shillington: — Well, Mr. Speaker, all I can say is, here we go again! Today this minister says he has the budget deficit under control. That statement is every bit as phoney and contrived as your 1986 budget, Mr. Minister.

Some Hon. Members: Hear, hear!

Mr. Shillington: — Mr. Minister, if we were making a movie of this, an apt title would be "Cooking the books; the sequel." I say that, Mr. Minister, because you claim the deficit is going to be \$226 million. He forgets to tell the taxpayers that that Alice-in-Wonderland figure is achieved by robbing the Crown corporations of \$200 million, money which you yourself admit, Mr. Minister, the Crown corporations are going to have to re-borrow.

Mr. Minister, you claim that you're going to get another \$65 million in revenue from the Liquor Board at a time when the liquor consumption in the province is going down. Mr. Minister, you claim to be getting another \$8 million from the federal government when your own officials admit that they have to expect less money from the federal government.

Some Hon. Members: Hear, hear!

Mr. Shillington: — In total, Mr. Minister, those three items alone — the 200 million from the Crown corporations, the transfer of money from the liquor corporation, and the claim of money from the federal government — amounts to \$273 million. In fact, Mr. Minister, your deficit's going to increase by 50 per cent this year if you count it accurately.

Some Hon. Members: Hear, hear!

Mr. Shillington: — So much, Mr. Speaker . . .

The Speaker: — Order, order, order. Order.

Mr. Shillington: — I think we should be a little understanding of members opposite when they're so sensitive about the Minister of Finance's integrity. I say, Mr. Speaker, that this is not turning the deficit around. And I ask the public of Saskatchewan whether you think this Minister of Finance has managed the tax dollars wisely, and whether you think with a budget like this you've eliminated waste and mismanagement.

But the most important question of all, Mr. Speaker, is whether or not the public of Saskatchewan think they can trust this government and think they can believe anything this government says about its own budget.

Some Hon. Members: Hear, hear!

Mr. Shillington: — I said, Mr. Speaker, it was a cruel budget. I say that because it represents a tax grab from ordinary Saskatchewan citizens without laying a finger on big business. Under this PC government, the tax system has become more and more unfair, and this budget makes that situation much worse.

Ordinary families are hit with two tax increases. The PC gas tax for unleaded fuel and diesel fuel has jumped to 10 cents a litre — that's 45 cents a gallon. Every time the average motorist fills up his tank, it's an extra \$4. Saskatchewan now has the second-highest gas tax in Canada, second only to Quebec.

You say, Mr. Minister, that you're going to rebate the gas tax. The fact is that the public of Saskatchewan have to shell out that extra money starting tonight, and sometime next year when your incompetent administration gets around to it, sometime next year they may get some money back. You say the fuel tax is going to be rebated. Not so, Mr. Minister, for the one-third of the consumers who, for whatever reason, do not apply for it. And not so for small businesses, municipalities, school boards who have to pay it, and for whom it's going to cost tens of millions of dollars.

Some Hon. Members: Hear, hear!

Mr. Shillington: — I recognize, Mr. Premier, that the gas tax doesn't mean much to you and your ministers when you fill up your cars with government credit cards and the taxpayer pays for your fuel. But I'll tell you, when you have the courage to call an election, or are forced to do so, you're going to find out it means a lot to the Saskatchewan public.

Some Hon. Members: Hear, hear!

Mr. Shillington: — And, Mr. Minister, while you're socking it to Saskatchewan people and Saskatchewan businesses, what do you do, Mr. Minister, for big business, you give them a tax cut. Oh, that's another thing you forgot to mention, Mr. Minister. You forgot to mention that as of January 1 this year big business enjoys a 2 per cent cut in the corporate tax rate. You forgot to mention that, Mr. Minister.

The *Globe and Mail* recently reported that Canada's largest corporations enjoyed a 59 per cent increase in profits. Did you touch that? No, no, you left that alone. Instead, you sock it to small businesses and the Saskatchewan farm families.

Some Hon. Members: Hear, hear!

Mr. Shillington: — I said, Mr. Minister, that your budget is crooked, cruel, and incompetent. It's incompetent, Mr. Minister, because it fails to deal with the economic needs of Saskatchewan families. Although we have 43,000 people unemployed in the province today, the budget doesn't contain a single new job creation program. Indeed, I don't believe I heard the word mentioned.

Although Saskatchewan had a net population loss of more than 6,000 people last month alone, most of them young people leaving the province in search of jobs, this budget cuts summer employment programs for young people by 23 per cent. Or to put it another way, that's a thousand jobs gone. I ask you, Mr. Minister, if that's your plan to give young people a sense of hope and security.

Incompetence in the area of jobs and incompetence in the area of agriculture. We're losing a thousand farm families this year. Rural communities are in dire straits, yet you have chosen to cut spending in the Departments of Agriculture and Rural Development by a total of \$50 million — that's your cut in Agriculture and Rural Development.

Despite the crisis in agriculture, you cut spending. But somehow or other, you still managed to find \$9 million for a birthday party that everybody in rural Saskatchewan tells you they don't want. To some people watching, perhaps, and to some of the guests here, incompetence may sound like too strong a word. I ask the public, and I ask the guests here, to ask themselves: how else would you describe a government whose third largest expenditure item is interest, and whose third largest revenue item is equalization payments?

That's right. This budget shows that in the coming year the provincial government will spend \$380 million, more

than \$1 million a day, just to make the interest payments on its deficit. At the same time, Saskatchewan will receive, so you claim, \$440 million. And if it's accurate, that's the largest figure in the province's history.

Equalization payments should be viewed for what they are. They are hand-outs from the federal government.

A few years ago, I say to you, Mr. Premier, a few years ago the people of this province were proud that we stood on our own feet financially. Unlike the Newfoundlands, the New Brunswicks, we didn't have to depend on hand-outs from Ottawa.

Some Hon. Members: Hear, hear!

Mr. Shillington: — Thanks to your government's waste and mismanagement, we're now in that economic boat. It shames one to have to say it, Mr. Minister, but Saskatchewan is on welfare. This proud province now on welfare.

In conclusion, Mr. Speaker, this budget is cooked to hide the real deficit from the public of Saskatchewan. It's cruel in that it imposes taxes on the public of Saskatchewan and small businesses while exempting big business. And it's incompetent because it fails to meet Saskatchewan's needs.

These are a few of the preliminary remarks which I want to make. I'll have more to say, Mr. Speaker, when this budget resumes. I therefore agree to beg leave to adjourn debate.

Some Hon. Members: Hear, hear!

Debate adjourned.

Resumption of Budget Debate

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

That debate on the motion that this Assembly do now resolve itself into the Committee of Finance be resumed on Friday, March 31, 1989.

The Speaker: — Hon. members are aware that when the Speaker is on his feet there should be no chattering.

Motion agreed to.

The Assembly adjourned at 3:41 p.m.