

## EVENING SITTING

## GOVERNMENT ORDERS

TABLING OF ESTIMATES AND SUPPLEMENTARY  
ESTIMATES

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

**The Speaker:** — From the Office of the Lieutenant Governor, dated April 22, 1991:

The Lieutenant Governor transmits estimates of certain sums required for the service of the province for the 12 months ending March 31, 1992, and supplementary estimates of certain sums required for the service of the province for the 12 months ending March 31, 1991, and March 31, 1992, and recommends the same to the Legislative Assembly. Signed by Her Honour, Sylvia Fedoruk, Lieutenant Governor of Saskatchewan.

**Hon. Mr. Hepworth:** — Mr. Speaker, I move:

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. Hepworth:** — Mr. Speaker, I am pleased to present to the people of Saskatchewan the 10th budget of this Progressive Conservative administration.

Saskatchewan people know well the challenges and harsh realities of today's uncertain and changing world. But equally so, Saskatchewan people know that by pulling together toward a common goal and sharing the load we can overcome the difficulties of today and build for a better tomorrow — for ourselves and for our children.

This is what this budget is all about, Mr. Speaker. It is a budget that builds on what we have accomplished in the past and it sets out the next step of our economic recovery plan. We all know this is an election year, Mr. Speaker, but anyone who is expecting a budget that is filled with give-aways and grants and new programs will be greatly disappointed. That is what this budget is not about, Mr. Speaker.

In preparing this year's budget I once again called upon the people of Saskatchewan to do fiscal jury duty. Through numerous pre-budget meetings, Consensus Saskatchewan, the Murray Commission on Health Care, the GST (goods and services tax) Advisory Committee, and the Premier's Economic Diversification Council, we have provided people the opportunity to voice their ideas and opinions. I want to thank all those who participated in those meetings.

And what did they say, Mr. Speaker? They made it very clear that they want a say in what their government does. They want sound financial management and responsible decision making. They want to see that we have the right priorities and a plan to deliver on them. They want us to protect and preserve those things which have always been considered important to Saskatchewan people — health and education. They want us to create an environment that allows Saskatchewan to capitalize on its rich resource base and entrepreneurial spirit. And, Mr. Speaker, people identified elimination of the debt and deficit as their first and foremost priority. They told us to get the deficit and debt under control, and we will, Mr. Speaker. To that end I will be outlining later on in my remarks a six-point financial plan.

This budget also reflects the important role of agriculture in rural Saskatchewan in the well-being of the province and in the lives of all Saskatchewan people. The simple fact is: so goes farming, so goes Saskatchewan. We cannot neglect agriculture because if we do, everyone will suffer.

The '80s have not been kind to our province's farm economy. When it comes to farming, Saskatchewan has always been known as next-year country, that it would be somehow better next year, that the rains would come next year, or that the grasshoppers wouldn't, or that the price of wheat would go up next year. But that better next year has been so elusive.

Our farmers have faced set-back after set-back on top of drought and grasshoppers. There were trade wars and high interest rates and rising input costs. And finally in 1990 when they produced a bumper crop they found it was worth virtually nothing in the world market. Wheat prices had plummeted to a 60-year low.

To put this in perspective, Mr. Speaker, in 1988 realized net farm income was \$1 billion or \$15,000 per farmer on average. In 1990, realized net farm income dropped to \$200 million — \$3,000 per farmer, a take-home pay of merely \$3,000, Mr. Speaker. And these numbers include the payments from farmer and government insurance funds as well as one-time emergency payments for drought and trade wars. Yet even with those insurance and emergency payments on top of the market price returns, something in the order of 30 per cent of our farmers were in jeopardy.

And when our farmers are in jeopardy so are our farm families and so are our farm communities. And so are the businesses in those communities who serve those farmers. And so are the people who work in those businesses. And so are the schools and hospitals in those communities, Mr. Speaker. We are all in this together.

Well that was the situation in 1990, Mr. Speaker, and the projections for 1991 were even worse. Left to the market-place alone, on average farmers would each lose about \$1,300 this year, negative \$1,300. For many this would be the last straw. Something more had to be done, Mr. Speaker. To do nothing was not an option.

To do nothing, Mr. Speaker, was to put at risk 60,000 farms. It would put at risk the 170,000 people who live on those farms. It would put at risk the 120,000 jobs, one-quarter of our entire provincial work-force whose jobs depend on a healthy farm economy. And it would put at risk the \$4 billion that farmers spend each year in businesses across the province at fertilizer dealers and fuel dealers and implement dealers, to name but a few. Nobody understood this better than our Premier, the Minister of Agriculture.

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

**Hon. Mr. Hepworth:** — And that is why we move to protect our farmers and stabilize our rural economy.

Now, Mr. Speaker, I'm not so naïve as to suggest that you can turn the clock back, or that somehow there isn't going to be change in agriculture, because the reality is, the world where we sell our products is changing. Nor am I so patronizing to suggest that a single government program is somehow the be-all and the end-all, that there is somehow a single, simple answer for this complex challenge. For the reality is, Mr. Speaker, there is no single, simple answer.

Rather, Mr. Speaker, this budget builds on our Premier's vision to stabilize and revitalize the farm economy. We will continue to defend farmers and the family farm enterprise; we will capitalize on the rural service and infrastructure network that has been built up over the last 10 years; and we will continue to work at diversifying agriculture and the rural economy. How will we do this, Mr. Speaker?

Well, Mr. Speaker, the first item that has and had to be addressed was the income shortfall I talked about earlier. Mr. Speaker, our Premier and our government recognized — as had farmers, farm organizations, and taxpayers at large — that the *ad hoc*, emergency, one-time special payments of the past were simply not the answer for the future. Something that was more predictable and reliable in the face of unpredictable weather and prices was needed. Stability, security, and certainty were the watchwords.

Well due to the efforts of our Premier and farmers and farm groups all across the West, the long-term viability of agriculture is now ensured by three lines of defence — three lines of defence. Curious phraseology, Mr. Speaker. What are they and what do they mean?

Well we've heard lots about the second line of defence, GRIP (gross revenue insurance plan) and NISA (net income stabilization account), and in recent days the third line of defence, but what about the first line of defence, Mr. Speaker? Well the first line of defence is the most important. This is what the farmer or rancher does on his or her own farm to maximize their own calf returns or their own crop deals.

Since 1905 — since the first homesteader — Saskatchewan farmers have earned a global reputation for their innovative and skilled management practices. No matter what the hardship, throughout time our farmers overcame them, developed new technology to

deal with them, and succeeded in a sometimes hostile climate. They are among the most competitive in the world, Mr. Speaker.

In fact, nothing gives a farmer more pride than to grow a good crop. There's that tremendous sense of pride that comes with surveying the waving wheat fields, free of weeds, lush and verdant, comparing it to the neighbour's across the road, and everybody hazarding a guess as they drive by as to what the yield will be come harvest. And, Mr. Speaker, this productive instinct is so strong that there isn't a farmer I know who wouldn't be much happier to just grow a good crop and get a fair price and just forget about all these programs and forms and red tape — that's how our farmers really feel, Mr. Speaker.

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

**Hon. Mr. Hepworth:** — But when events beyond the control and management expertise of our farmers, events beyond the farm gate, events in Europe and Russia and Japan, controlled by others, threaten our farmers' livelihoods, put farm incomes into a free fall, there has to be some back-up — a safety net.

Well that safety net is the new generation of farm programs, gross revenue insurance program or GRIP, as it's commonly known, Mr. Speaker, and net income stabilization account or NISA, as it's commonly known. These are the second line of defence — that back-up, the safety net.

GRIP is an insurance program. The premiums are paid for by farmers, the federal government, and the provincial government. It insures farmers against loss due to reduced crop production, falling grain prices, or both. NISA is a way for farmers to set aside money in good years and then draw upon it in the bad years. In the first year, by paying our share of the premiums, \$125 million, it will trigger a payment of about \$1.3 billion. It is this \$1.3 billion in cash that will find its way into businesses and communities all across this province.

During this transitional year, before the benefits of the long-term safety nets are fully realized, a third line of defence was required, something to bridge the gap. The third line of defence, a federal responsibility, provides additional substantial help. By temporarily reducing premium costs, it will be easier for our cash-strapped farmers to participate in GRIP. The changes to NISA will cause a larger and a more timely pay-out in the first year. All of this is welcome news, Mr. Speaker, but for some farmers it will fall short of the mark. This is an issue our Premier will be assessing and addressing more fully in the days ahead.

Mr. Speaker, I want to stress again that these initiatives have not been put in place just for the benefit of our farmers, but for the benefit of all Saskatchewan people. They represent an important part of our Premier's strategy to stabilize and revitalize our rural economy, and in so doing, our entire provincial economy.

(1915)

It is clear our Premier knows and understands agriculture.

His leadership, commitment, and support for agriculture and rural Saskatchewan is unparalleled in the history of this province.

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

**Hon. Mr. Hepworth:** — Mr. Speaker, when the issue was drought, he delivered. And when the issue was grasshoppers, he delivered, Mr. Speaker. And when the issue was high interest rates and rising input costs, he delivered. And now when the issue is grain trade wars and low prices, he delivered with a new generation of long-term safety net programs, Mr. Speaker.

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

**Hon. Mr. Hepworth:** — And finally, when the issue was a lack of water in drought parts, south-east Saskatchewan, he persevered and persevered and he built the Rafferty dam too, Mr. Speaker.

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

**Hon. Mr. Hepworth:** — In addition to addressing the immediate cash flow requirements of agriculture, our Premier's strategy for rural Saskatchewan includes mobilizing and supporting local initiative to diversify the economy of rural communities. This is being done by rural development corporations, community economic development committees, and community bonds — community bonds involved in projects of all sizes, providing new jobs and opportunities, stabilizing, diversifying, and revitalizing local economies.

Another important element of our plan for stabilizing rural Saskatchewan includes decentralizing the business of government from the provincial capital to rural and urban communities all across the province — Fair Share Saskatchewan. Government jobs, a government payroll, government offices can be a big boost to any community. Just ask the people in Melville, home of the Saskatchewan Crop Insurance; or Kindersley, home of the Saskatchewan Pension Plan; or Swift Current, home of the Agricultural Credit Corporation of Saskatchewan, about how these jobs have broadened their economic base, put more children in their schools, and diversified their economy. We will be building on the pattern established by these successful relocations with Fair Share Saskatchewan.

Further, our ministers from Regina will be working with the city to ensure federal government jobs in the national capital are relocated to Regina so that Regina too can continue to enjoy its fair share of the economic spin-offs that come from a government payroll.

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

**Hon. Mr. Hepworth:** — Our strategy for improving the economy over the last nine years has been to build and diversify. This has required significant investments. But, Mr. Speaker, if we had not invested, what would our quality of life be today? Where would we be, Mr. Speaker, if we had . . .

**The Speaker:** — Order, order. The hon. member for Quill

Lakes has interrupted a number of times and I would ask him to refrain.

**Hon. Mr. Hepworth:** — Where would we be, Mr. Speaker, if we had not invested nearly \$300 million in natural gas projects, including rural natural gas service for thousands of farm homes. Ten years ago, the majority of our natural gas came from Alberta and the Alberta people had the jobs in drilling and pipelining and servicing, and the Alberta treasury got the royalty payments. Well today we are self-sufficient, Mr. Speaker. We discovered that there is no geopolitical fault line at the Alberta-Saskatchewan border. We do have natural gas. And now Saskatchewan people have the jobs and the opportunities and our treasury gets the royalties, Mr. Speaker.

And where would we be, Mr. Speaker, if we had not invested over \$200 million in replacing the old telephone party lines in rural Saskatchewan with the new private-line system? And where would we be if we had not invested over \$200 million in our universities, including a new College of Agriculture set to open soon, Mr. Speaker? And where would we be, Mr. Speaker, if we had not invested over \$400 million in building 54 new schools and renovating 279 others? And where would we be, Mr. Speaker, if we had not invested nearly \$400 million in building 10 new hospitals and renovating another hundred hospitals across the province, Mr. Speaker?

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

**Hon. Mr. Hepworth:** — Mr. Speaker, these investments in infrastructure speak to the value our government places on a quality of life for all our citizens. These investments, these building blocks are the foundation of our future prosperity and opportunity for our young people.

And because people have faith in the future of this province, they're prepared to put their money on the line to make these infrastructure investments possible. People across Saskatchewan bought millions of dollars worth of SaskTel bonds so SaskTel could have the money to put in the private lines and other new technology, Mr. Speaker.

The story was the same for Saskatchewan Power bonds, the Potash Corporation of Saskatchewan bonds and shares, and the list goes on and on, Mr. Speaker. Building on the success of these bond and share offerings and the desire of Saskatchewan people to invest in their own future, our government introduced community bonds. Community bonds are the first of their kind in the world. And in less than a year, over 50 community bond corporations have been formed.

People are investing in local projects all across the province, creating new wealth, new opportunities, new jobs, diversifying their local community's economy, revitalizing their community.

At the provincial level and in partnership and in co-operation with business, we have worked to create new wealth and new opportunities by doing more processing and manufacturing of our raw resources,

turning natural gas into fertilizer at the Saferco plant, heavy oil being processed at two upgraders, one in Regina and one being built in Lloydminster, the Prairie Malt plant in Biggar, the Weyerhaeuser paper plant in Prince Albert, and the first ever zero-effluent closed-loop pulp mill with Millar Western at Meadow Lake, one of the world's most environmentally friendly pulp mills built to date, Mr. Speaker.

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

**Hon. Mr. Hepworth:** — All are helping to diversify, strengthen, and stabilize our economy. All of us in Saskatchewan know we can't afford to have all of our eggs in one basket. That is why diversifying is so essential to our province. It supplements the farm economy, smooths out the ups and downs, creates jobs, and ensures a more stable tax base to fund our important priorities, health and education.

Mr. Speaker, I now want to shift to these priority areas of government spending. Mr. Speaker, in this budget nearly 80 per cent of all the money that we will spend on behalf of all the taxpayers will be spent on the priority areas of health, education, social welfare, and public protection and police services.

Health: in this budget, Mr. Speaker, we are providing modest, but what I believe are fair and reasonable increases for health services. In addition to the previously announced increases of three and one-half per cent to hospitals and nursing homes, community-based health programs will receive an increase of 5.6 per cent.

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

**Hon. Mr. Hepworth:** — Operating grants for home-care boards are being increased by 6 per cent and funding for the cancer foundation is being increased by 10 per cent.

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

**Hon. Mr. Hepworth:** — Overall the budget for health will increase this year by 6 per cent or over \$90 million. The \$1.6 billion we are spending on health equates to \$182,000 per hour or \$4.4 million per day. These are big numbers. These are big increases. They clearly demonstrate our government's commitment to health.

If we are to preserve the high-quality health services we have now, we must reduce costs. All those involved in health services delivery must seek greater efficiencies.

Mr. Speaker, like our health system, Saskatchewan's education system has a well-earned reputation for innovation and excellence. This budget provides over \$900 million for education. This includes a three and a half per cent increase in operating grants to all our educational institutions: regional colleges, SIAST (Saskatchewan Institute of Applied Sciences and Technology), our universities, and our K to 12 schools. Mr. Speaker, education makes the difference in the ability of individuals and communities to compete in a rapidly changing and increasingly complex world. It enhances our quality of life by opening doors to better job opportunities and increases our understanding of the

world around us.

However, as in the case of health, those involved in the delivery of education services must seek greater efficiencies.

In addition to the priority areas of health and education, we are also enhancing other important social programs. In this budget, funding for child foster care increases by 10 per cent; funding for the transportation needs of the disabled increases by almost 20 per cent; and funding for the Royal Canadian Mounted Police services increases by 6.7 per cent.

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

**Hon. Mr. Hepworth:** — But, Mr. Speaker, to find the needed money to increase these budgets in health and education and the other social programs, and yet not let the deficit rise some more, meant we had to cut spending in other areas. Difficult choices were required. Difficult choices were made. Urban revenue-sharing grants are reduced by seven and a half per cent. The mortgage protection plan subsidy has been reduced. The Department of Highways budget is reduced by 7 per cent. There were changes to the prescription drug plan. Provincial funding will not be provided for French school governance. And the Department of Rural Development's budget is reduced by 10 per cent.

Cutting spending is never easy. But if we were to ensure high quality medicare for the next 25 years, like we have done for the last 25 years, and if we are to ensure the next several decades of education will be as good as the last several decades have been, we must work together as a province, as a community and as individuals to face squarely the realities that confront us. For if we do not, these things that we value and treasure — health and education — that make Saskatchewan special will be put in jeopardy otherwise, Mr. Speaker.

Open and accountable government. Mr. Speaker, in November of last year I announced a package of reforms to standardize, simplify, and broaden government accountability, including for the first time ever a mid-year budget update. Recently I tabled the '89-90 *Public Accounts* which provide the details on government spending including salaries of MLAs (Member of the Legislative Assembly) and civil servants, their travel expenses, and details of all grants.

Furthermore, beginning with this budget, funding for the Provincial Auditor's office has been set by an all-party committee of the legislature instead of cabinet. This committee approved funding for the Provincial Auditor's office of 3.6 million, an increase of nearly 20 per cent. This will ensure the Provincial Auditor has the money to do the job.

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

**Hon. Mr. Hepworth:** — Now let me turn to the financial plan, Mr. Speaker. This government will deal with the deficit and the debt in a realistic and fair manner. We will do this through a six-point financial plan to balance the books, so we can pay down the debt. The six points of our

financial plan to a balanced budget are:

- achievable deficit targets;
- reasonable wage guide-lines;
- realistic operating grants;
- fair taxation;
- more effective and efficient government spending, and;
- improved federal-provincial relations.

Mr. Speaker, we have set a target to balance the books in three years. In last year's budget we projected a deficit of \$363 million. I am pleased to announce tonight that we have come in at \$358 million, 5 million lower than our target, Mr. Speaker.

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

**Hon. Mr. Hepworth:** — For this year, '91-92, the deficit will be \$265 million, Mr. Speaker, nearly \$100 million lower than last year. For the year '92-93 we estimate a deficit of less than 150 million; and in the spring budget of 1993, Mr. Speaker, a balanced budget, Mr. Speaker.

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

**Hon. Mr. Hepworth:** — Fundamental to meeting these targets is controlling government spending, controlling our costs. Wages and salaries represent the major cost for government — in fact \$2.2 billion annually. So you can see, Mr. Speaker, even a one per cent increase in these wages and salaries is substantial. It means \$22 million in increased government spending on behalf of taxpayers.

Reasonable public sector wage guide-lines are the second point in our plan. We have started at the top. For the second consecutive year we have frozen cabinet ministers' and legislative secretaries' salaries. We have frozen MLA's salaries at their 1990 level until the budget is balanced. And, Mr. Speaker, we have also eliminated MLA severance packages.

In January I announced guide-lines to ensure continued restraint on public sector wages. Under these guide-lines wage and salary increases for public sector employees are not to exceed four per cent in the current round of bargaining except in exceptional circumstances.

In addition to our current four per cent wage guide-line, I am announcing that commencing in October 1991 public sector wage and compensation increases will be held to a maximum of two per cent in each of the next two years. This is to include Crown corporations, and our partners in health and education, Mr. Speaker. In light of the economic and financial position of the province these are reasonable and fair guide-lines.

The third point in the financial plan involves the provision of realistic operating grants to our partners — those who run our hospitals, nursing homes, universities, regional colleges, SIAST and our K to 12 schools. Our partners account for over one-third of the provincial government's spending. They must be part of the plan.

(1930)

In February I announced that operating grants to these institutions will be increased by three and one-half per cent for this year. Tonight I'm announcing that each of the following two years operating grants for our partners will be limited to a maximum of 3 per cent. The announcement of operating grant levels for three years responds to our partners' requests for greater financial certainty, which will enable them to better plan for the future. We realize that these are modest increases which will challenge the management of these institutions. However by working together we will ensure that the challenge is met, Mr. Speaker.

And, Mr. Speaker, fair taxation is the fourth point in our financial plan. In February I announced we would be harmonizing our sales tax with the federal GST. This will occur in two stages. On April 1, 1991, items covered by the E&H sales tax (education and health tax) base were expanded to include items such as restaurant meals, snack foods and reading materials. The major changes however occur on January 1, 1992, when we will be fully harmonized with the federal GST. An important element of full harmonization is the provincial input tax credit. The credits will provide businesses with a refund of the provincial sales tax paid on the cost of running their operations.

I want to examine this major tax reform in more detail, Mr. Speaker, and to do that I want to split it into two parts. Firstly, the decision to harmonize and then secondly, the decision to leave the rate at 7 per cent.

On January 1, 1991, the federal GST did become a reality. We like other provinces have raised our objections about the unacceptability of this federal tax, Mr. Speaker. We had argued that it was unacceptable because it was too complicated, too confusing and too complex for both business and the consumer. We did not argue, Mr. Speaker, we did not argue that it was unacceptable for fiscal or economic reasons, because of what it would do to employment or our economy, because to do so, Mr. Speaker, would have been intellectually dishonest. We argued, rather, that it was unacceptable because it would be an administrative nightmare — does any given item have both the federal GST and the provincial E&H tax; what was in and what was out.

Moreover, business people would be faced with two sets of tax collectors, two sets of books to keep, two sets of forms, two sets of deadlines, two sets of auditors, and two different sets of rules. Harmonization will reduce the complexity and confusion. It will make it simpler for everyone by reducing duplication and overlap in sales tax administration. There'll be one set of tax collectors and one set of auditors and one set of rules, Mr. Speaker.

But secondly and more importantly, a harmonized sales tax system will create a more competitive business environment in Saskatchewan. How so, Mr. Speaker? Let me explain.

The majority of the sales tax that is paid today is not paid by people like you and I, Mr. Speaker. The fact is that 60 per cent of all the sales tax that is paid today is paid by businesses. It adds to and increases their cost of doing business. The tax they have to pay is ultimately reflected

in the price they charge you and I for what we buy.

Under full harmonization, businesses will be refunded all the tax paid on the cost of running their operation — some \$260 million, Mr. Speaker. For example, an oil rig servicing company will receive a refund of the sales tax paid on their trucks, tools, and other equipment. A manufacturing plant will receive a refund of the sales tax paid on utilities, construction materials, and buildings, and new machinery. This will give our businesses a competitive advantage compared to those in other provinces where they are not harmonized.

And if business has its costs reduced and it's more competitive and more profitable, what do they do, Mr. Speaker? They expand. They hire more employees. They create new opportunities. They can pay better wages. They can pass on some or all of the savings to the consumer.

Now I know it sounds strange, Mr. Speaker, to be talking about expansion and economic growth and new jobs when most people look around them today and see an economy in duress. But the fact is overall there will be growth, Mr. Speaker. Indeed harmonization will increase economic growth by 1.6 per cent overall, and in some sectors like agriculture, mining, transportation, and utilities, the growth will approach 3 per cent. The long-term gain in employment under harmonization is estimated to be over 5,000 new jobs, Mr. Speaker.

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

**Hon. Mr. Hepworth:** — Simplicity and a more competitive business environment — that is why we are harmonizing, Mr. Speaker. But we want the system to be fairer too. We don't want to see families with modest incomes hurt because of the additional tax they will pay on clothes and other items. That is why 104,000 families across Saskatchewan are eligible to receive the family tax credit. For a family with an income of \$24,355 and two children, they will receive \$400 per year, Mr. Speaker.

And we too believe that big business corporations and high-income earners must shoulder their full and fair share in reducing the deficit and the debt. That is why as part of these tax changes the general corporate income tax rate is increasing from 15 to 16 per cent, and that is why the corporate capital tax rate is going up, and that is why the high-income surtax rate is going from 12 to 15 per cent. We are all in this together, Mr. Speaker.

As I said earlier the second decision relative to harmonization was the decision to leave the rate at 7 per cent. Now I know raising taxes is not popular, Mr. Speaker. But, Mr. Speaker, we chose to maintain the sales tax rate at 7 per cent and raise \$125 million to provide funding for the province's contribution to GRIP and NISA. To not do so, Mr. Speaker, would have meant a higher deficit and more debt.

The \$125 million investment in premiums along with the farmers' and the federal government's contribution will trigger, as I said earlier, a \$1.3 billion payment, a payment that will be felt across the entire province, a payment that will stabilize our rural economy and in so doing, our

entire provincial economy, Mr. Speaker.

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

**Hon. Mr. Hepworth:** — But I want to point out too, Mr. Speaker, that revenues from harmonization which exceed the province's share of the cost of GRIP and NISA in any one year will be earmarked and go directly to reduce the deficit and the debt, Mr. Speaker.

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

**Hon. Mr. Hepworth:** — We will also be working with municipalities, universities, schools and hospitals to ensure that harmonization does not increase the taxes paid by these sectors. We will discuss and assess the impact of the tax on other sectors too, such as the tourism sector, non-profit organizations, charities and the housing sector.

As a first measure, Mr. Speaker, I am pleased to announce the budget provides funding to offset the impact of harmonization on libraries throughout the province. In addition to a three and a half per cent increase in operating grants to libraries, we will provide special funding of almost one and a half million dollars to cover the cost of harmonized tax on library books and reading materials as well as textbook purchases by school boards, Mr. Speaker.

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

**Hon. Mr. Hepworth:** — Libraries in Saskatchewan play a special role in enriching our lives. Access to quality reading and educational materials through our library system and school boards will not be impeded because of harmonization. This government's commitment is clear, Mr. Speaker.

The tax system in place today, including full harmonization in 1992, will serve Saskatchewan well into the future. It will provide a stable source of revenue and is largely the system that I see remaining throughout the 1990s. The difficult decisions have been made. The fundamental changes have been made. The building blocks and the plans have been put in place. The people know exactly where we stand, Mr. Speaker.

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

**Hon. Mr. Hepworth:** — Therefore I am pleased to announce tonight that as part of this financial plan there will be no need to raise taxes for the next three years. Indeed, Mr. Speaker there will be no tax increases for the next three years.

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

**Hon. Mr. Hepworth:** — Mr. Speaker, it is essential we continue to make internal government spending more effective and efficient. This is the fifth point in our financial plan. Significant measures have already been taken to streamline government operations and to reduce waste and inefficiency. Government streamlining eliminated nine departments and agencies last year. No new government cars will be purchased for 1991, and

restrictions apply to purchases of office equipment, furnishings and computers. And only essential government jobs are being filled.

Mr. Speaker, in this budget, 14 government departments and agencies have had their budgets reduced or frozen. Of these, seven had their budgets reduced by 10 per cent or more. Since 1982 we have reduced the size of government by over 2,300 jobs, a nearly 20 per cent reduction, Mr. Speaker.

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

**Hon. Mr. Hepworth:** — In this budget, a total of 352 jobs will be eliminated through the process of streamlining government operations. This government is delivering on its promise to make government leaner, more effective, and more efficient.

Mr. Speaker, time and time again, the people at the pre-budget meetings told me to cut back on government grants. Last year we eliminated many grants and rebates. This year we have cut more grants. We have eliminated the business tax assistance program and the small-business investment incentives program. Grants in support of the arts, multiculturalism, sport, recreation, and museums have also been eliminated. These groups will now have to look to lottery revenues and private contributions instead of taxpayers' dollars to fund their activities.

Furthermore, grants to 160 non-government organizations have either been frozen or cut by up to 25 per cent. Our partners in providing services to the public must also participate fully in finding efficiencies within their operations and improving their financial management.

The sixth point in our financial plan relates to the need to improve the fiscal arrangements between the province and the federal government. This government has maintained a co-operative approach to federal-provincial relations. Our approach has resulted in major gains for the province of Saskatchewan, especially in agriculture. However, Mr. Speaker, the issues facing Saskatchewan and the federal government today are challenging and will not be easily resolved. Federal-provincial relations are becoming strained over decisions by Ottawa to off-load its responsibilities onto the backs of Saskatchewan taxpayers. This is especially true in the areas of federal funding for health and post-secondary education.

We will work with the federal government to develop a new fiscal federalism and resolve the issues confronting this country, but we will not stand by and watch Ottawa solve its problems by continuing to off-load onto the province.

Mr. Speaker, Saskatchewan is faced with \$200 million in additional costs this year as a result of federal off-loading. Without these added pressures, Mr. Speaker, we would have been very close to balancing the books this year. Arrangements between the federal government and the provinces must be renewed. It is essential to the long-term financial stability of Saskatchewan that a new deal be

established, based on meaningful consultations and firm federal financial commitments to health, education, agriculture, and equalization.

Mr. Speaker, with our realistic and fair financial plan, we will balance the books. This will enable us to begin the process of eliminating the accumulated debt that was incurred to protect families, support agriculture, build a strong infrastructure, and invest for the future.

Our plan for economic diversification will pay handsome dividends to the people of Saskatchewan in the form of more jobs, more opportunities, higher incomes, and a stronger and more stable economy. Our economic and financial plan will ensure that our major industries in agriculture, resources, and manufacturing are poised to take advantage of increased trade opportunities as national and world economic recovery takes hold.

This economic strength will not only benefit the people of Saskatchewan, it will also result in increased government revenues from stronger economic activity. This is the key to debt reduction — creating new wealth; creating new wealth from new jobs, new and expanding businesses, new and growing industries, and new economic activity.

Creating new wealth will allow us to eliminate the debt without increasing taxes or reducing vital government services. Once the books are balanced we will be able to reduce the province's debt. As our economy grows, we will pay off the debt from the growth of wealth in the '90s. This is a realistic and responsible approach to debt reduction.

Mr. Speaker, this government chose the right direction for Saskatchewan in the 1980s, and our six-point financial plan is the right approach for Saskatchewan in the 1990s, Mr. Speaker.

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

(1945)

**Hon. Mr. Hepworth:** — In conclusion, Mr. Speaker, with this budget we have turned the corner. The building blocks are in place. Tough choices were required and tough choices have been made. But they were made in a fair and sensitive manner that reflects the priorities of the people of Saskatchewan.

Mr. Speaker, this budget sets forth a realistic and fair financial plan to eliminate the deficit and the debt. This budget also provides the means to stabilize and revitalize agriculture and our rural economy for the benefit of all Saskatchewan.

Under the leadership of this Premier, this government will continue to work with the people of Saskatchewan to protect families, ensure high quality health and education, stabilize and build our communities, and manage the finances of the province in a sound and responsible manner.

In this way, Mr. Speaker, we will secure Saskatchewan's future and preserve the Saskatchewan way of life for ourselves and more importantly, Mr. Speaker, for our

children. With that, Mr. Speaker, I move:

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

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

**Mr. Romanow:** — Thank you very much, Mr. Speaker. Mr. Speaker, as I listened for nearly 50 minutes to the Minister of Finance deliver this, the tenth provincial budget prepared by the government opposite, it's become more clear to me than ever why the people of this province are so anxious to have an early election.

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

**Mr. Romanow:** — Mr. Speaker, this budget reflects the budget of a government who's time has run out. The government opposite are playing out the string, trying to cling to power for the sake of power, rather than a credible plan to create jobs and economic activity, or to ease the tax burden on ordinary families, or cut waste at the top in government. Instead we're presented with a phoney budget full of incredible promises, cooked forecasts, and unbelievable claims.

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

**Mr. Romanow:** — In fact, Mr. Speaker, listening to the Minister of Finance try to defend the record of this government over the last 10 years, and try to paint the rosy picture which he did, I couldn't help but ask myself: where in the world is this Minister of Finance coming from, the province of Saskatchewan or some form of "Alice in Wonderland" budgetary presentation? In the light of the record of the massive out-migration and the huge deficit and the tax increases and the waste and mismanagement, the GigaTexts, this Minister of Finance today, after 9 years and 10 budgets, would wish it all away.

Mr. Speaker, I note that the title of the address is *Choices: Preserving the Saskatchewan Way of Life*. It's kind of a funny title in the 10th budget, 9th year. It's preserving the Saskatchewan way of life after 10 years of destroying the Saskatchewan way of life by the Conservatives opposite.

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

**Mr. Romanow:** — Mr. Speaker, this budget speech confirms that the government is determined to proceed with the biggest tax increase in our history — the provincial GST, or the PST (provincial sales tax), as it's called in many quarters. That they are now going to proceed, that's confirmed. And then it claims that the government isn't going to introduce any new tax increase. Who are they trying to kid?

This budget promises that the government will balance the budget — get this, Mr. Speaker! — within three years. But I say to you, Mr. Speaker, that this is a phoney promise which, on careful examination of the budgetary documents, is based on a policy of stripping hundreds of millions of dollars from our Crown corporations, or those that are left, primarily SaskPower and SaskTel. That's what they're doing.

How many times can these people opposite second-mortgage our public enterprises for the purposes of cooking the books and for the purposes of setting this target of balancing the budget in the next three years? Let me give you an example. Last year in the legislature the government stripped again the Crown corporations of \$310 million to balance the books, they say. That included the sale of shares in both IPSCO and Saskoil. This year, now, it forecasts that it's going to find another \$250 million from Crown Investments Corporation.

How in the world does it plan to do this? Does it plan to resell these shares again? It's a phoney plan and a phoney forecast, plain and simple, and it cannot be met.

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

**Mr. Romanow:** — Now, Mr. Speaker, this tactic of phoniness is something that the people of this province are now used to by this government opposite. We've heard these kinds of promises pre-election before in Saskatchewan. Many people listening or watching tonight will recall the March 1986 provincial budget that was before the last provincial election.

The promise by the then minister of Finance, currently the Minister of Justice, said that he would — get these words — balance the budget by 1990, in 1986. So this is nothing new. And we all know what happened to that promise. Not only did he not balance the budget, but today the budget is at \$5 billion greater than ever.

And that was also the budget, Mr. Speaker, where the minister of Finance, now the Minister of Justice, miscalculated on a slight little error, the budget deficit — miscalculated this small, little error by a deficit of \$800 million or 217 per cent. So he's moved out of minister of Finance portfolio. That's what happened in 1986.

They're going to balance the budget in three years, they said. They say they're going to get under control all the circumstances. And in fact, the moment that election was completed, they misjudged, purposefully I say, they covered up what the true situation was to get by that provincial election. They missed by 217 per cent. And I say that any chief executive officer or financial officer of any responsible corporation in this country with that track record would have been fired and together with it, the entire management group would have been fired, as will happen in the next election.

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

**Mr. Romanow:** — And so today, Mr. Speaker, wouldn't you know it, they pull it out again, that old promise. Four years later, on the verge of another election, they're going to balance the budget in three years. Once more they pull it out in 1991. Not only are they going to balance the budget . . . They're going to balance the budget, but they're going to control the deficit. Mr. Speaker, why should anybody believe them this time? I say no one in the province of Saskatchewan will believe this discredited government opposite.

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



**Mr. Romanow:** — Now, Mr. Speaker, in his speech tonight, the minister spoke often about what the people want. Now isn't this a refreshing thought? Nine years later, and ten budgets, this government's now going to ask, what do the people want? His problem is that what the people want really amounts to a complete repudiation of the government record. They want an election.

But he says the people want open, accountable government. But I say, Mr. Speaker, that his has been the most secretive government in history, spending billions of dollars over the years by cabinet orders. We saw it a couple of weeks ago behind closed doors. It had a choice. It could have been open but no, the government has taken unprecedented measures to avoid public scrutiny of its actions. The public accounts have been hidden for months before they're tabled.

Written questions in this legislature have gone unanswered, Mr. Speaker. For three years, written questions have been unanswered. The record, I'm sure, is clear on that record. That is now the commitment of the government because they say they hear the public — says that it should be an open and accountable government. Who in the world would believe these people after 9 years and 10 budgets that they're going to be open and accountable? Nobody will believe it. It'll be a new government that's going to make it open and accountable to the people of Saskatchewan.

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

**Mr. Romanow:** — Now, Mr. Speaker, just a few moments ago in the budget address, the minister got up and he says, you know what else I've heard the people say? He said, the people say they want sound financial management — and he said it with a straight face. After 9 years and 10 consecutive deficit budgets, now they want sound financial management. You know their accumulated budget deficit by this document, Mr. Speaker, the accumulated budget deficit is \$5 billion. The interest charges on that accumulated deficit is in excess of \$500 million flowing out of the province of Saskatchewan, out of all the taxes that the people pay to New York or wherever. Now after 9 years and 10 budgets they want sound financial management.

Well the government opposite claims that this deficit really is not their fault. Nothing is their fault. It's the fault of the government 10 years ago; it's the fault of this and it's the fault of that. And they say these . . . (inaudible) . . . grasshoppers. It's the fault of everybody, they say. It's largely the result of real bad luck — a decade of bad luck, Mr. Speaker. Mr. Speaker, how many mirrors did these people crack, is what I'd like to know.

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

**Mr. Romanow:** — Finally at this new era of listening to the people, I note that the minister said that people want a government with the right priorities, willing to make the real tough choices — that's what he says. Well that's true. The people are tired of a government which can find — talking about right priorities — which can find \$370

million for Cargill Grain but can't find money to keep the hospital beds and the health care workers employed.

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

**Mr. Romanow:** — Right priorities, Mr. Speaker. People are fed up with a government which can find \$2 million a month for advertising. There's old Maxwell Smart — \$2 million a month, old Max is trying to discover Saskatchewan. Two million dollars for government advertising but they cut, tonight, they cut the assistance to transition houses and shelters for battered women and children. I say that's a shame. What about those priorities?

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

**Mr. Romanow:** — No, one could go on. Those, they say, are the right priorities. Nine years and ten budgets, those are the wrong priorities that this government opposite has exhibited. This government has to answer for all of those heartless choices. They had a choice all right, Mr. Minister of Finance, and you chose to ignore the people in support of your big business friends like the Cargills of the world.

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

**Mr. Romanow:** — Then tonight in this budget address, Mr. Speaker, when we're talking about choices, I noted one particular passage in the minister's budget address and I quote. He said, you know, "We are all in this together". I mean they created 9 years and 10 years of . . . but somehow we're all of a sudden together because they created the deficit. He says, "We must all shoulder this responsibility equally," Mr. Speaker.

Mr. Speaker, "equally," he says. I want to talk about that in this budget address. I want to ask you, sir, and the Minister of Finance and the Premier: what is equal? What is equitable about your government's choice to cut the jobs of 350 public servants in tonight's budget, but at the same time your government has refused to cut one single cabinet minister from your bloated cabinet? What's equal about that?

Or what's equal about the fact that you're going to cut 350 civil servants and yet you're going to have 10 PC back-benchers who get extra as legislative secretaries? What's equal about that? In fact there isn't, Mr. Speaker, a back-bencher there that doesn't have a job as a Legislative Secretary in addition to being a cabinet minister, with the exception of the member from Yorkton, and I don't know what in the world he did to put him in the doghouse. What's equal about that?

Now, Mr. Speaker, in the budget the Minister of Finance says, we've got to be equal. I say, Mr. Speaker, what's equal about this government's choice to impose strict wage guide-lines on people who work for the provincial government or hospitals or school boards, when the president of the Potash Corporation of Saskatchewan continues to make nearly \$700,000 a year? What's equal about that? What's fair?

And how about the president of SaskPower who

continues to make in excess of \$200,000 a year, or the trade commissioners in Minneapolis and Hong Kong continuing to pull down a \$100,000 a year in far-off trade offices? What, Mr. Minister, and Mr. Speaker, is equal to that?

What's equitable about the government's choice to sell and to tell the oil industry that it's going to contribute an extra \$2 million? That wasn't mentioned in the speech given by the minister today. It's in the written text — \$2 million a year to public revenues, when that amounts to about one-third of what the government plans to charge ordinary families for the provincial PST on the purchase of children's clothing. What's equal about that? Is that fair, Mr. Minister?

(2000)

Now, Mr. Speaker, I say this. Saskatchewan people are fair. Saskatchewan people are prepared to look at things equally and be acting equitably. They're prepared to pay their fair share. They are prepared to sacrifice for the good of the province as a whole, but they are not prepared to stand for such double standards as the Premier and the government opposite have inflicted on us for nine years.

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

**Mr. Romanow:** — Mr. Speaker, in the days and the weeks ahead in this budget debate, and as we get into the detailed estimates studies, we're going to have some very detailed questions about the manoeuvrings and movements of government, the moving back and forth between Crown corporations to try to balance, and the taxation load. That will come on another occasion but let me just move briefly to another topic.

I want to say a brief word about how we think deficit reduction and financial management in the '90s can be handled, not this way by this discredited government but another way.

Our plan is to do the following:

- to really attack waste and mismanagement;
- secondly, to approach revenue where needed from the principle of fairness;
- thirdly, to rejuvenate our economy to create jobs;
- fourth, to stand behind farmers and rural Saskatchewan;
- fifth, to improve our quality of life, especially in the fields of health and education.

And I want to tell you, Mr. Speaker, that more than ever the overarching philosophy which is required in order to achieve that agenda is the philosophy of the official opposition, which is the philosophy based on community and co-operation, neighbours helping neighbours, friends helping friends, people coming together to achieve a common cause.

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

**Mr. Romanow:** — We know what their philosophy has achieved: privatization, deregulation, free trade. We

know what the results are. Huge deficits. This province is almost bankrupt. Huge taxes. High unemployment — 80,000 fleeing from this province because they haven't got a chance for jobs. Lost farms — young farmers leaving.

How about the privatizations? They've sold off almost all or part of nine public corporations and yet the debt goes up. My question is: who's got the money? Where's the money gone? Who's got the money?

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

**Mr. Romanow:** — They've sold off the Crown corporations and the debt continues to go up. No, this philosophy has created this kind of hurt and it's a philosophy which is based on divide and conquer, they hope. It's a philosophy which pits town against town, have's against have not's, urban against rural. I tell you, Mr. Speaker, it hasn't worked; it never has worked. And it will not work because more than ever history is the way to the future. Co-operation and community — we are all in the same boat together to build a new Saskatchewan.

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

**Mr. Romanow:** — Now that's the philosophical framework. Now I want to say a few words about the specific points which I identified a moment ago as an alternate to the vision of this bankrupt government opposite.

First, ending waste and mismanagement. I've said already we have \$5 billion in total debt. The interest payments are \$500 million a year. Mr. Speaker, I say the debt load of this province is so great that we have to convince the bankers in New York every year just to be able to get them to refinance our debt. We've simply got to get our financial house in order if we're going to build our communities the way we want them built and not the way the financiers want them built.

Now this is crucial. Let me give you an example of what I mean. Back in 1962, the CCF (Co-operative Commonwealth Federation) government introduced medicare in this province — I might add, over the objections of many of the members in the front bench there, sitting in opposition in 1962. We introduced medicare in 1962, Mr. Speaker, and . . .

**The Speaker:** — Order, order.

**Mr. Romanow:** — Mr. Speaker, the intervention from the Minister of Justice, I would say the Minister of Justice is not very judicial-like for a person who has high aspirations and . . .

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

**Mr. Romanow:** — . . . and, Mr. Speaker, it may be true that I was the only one born at that time, but I want to tell you, the way the Minister of Justice acts, he acts as if he was just born just now, just like a real . . .

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

**Mr. Romanow:** — I want to give you my example, Mr. Speaker. In 1962 we implemented medicare over the opposition of many of the people opposite. And do you know that for about five or six years the people in this province financed medicare on our own because our financial books allowed us to do that before the federal program kicked in. Do you think we could have established that priority for our communities if the New York bankers had something to say about it? Of course not.

So prudent financial management is a key for all of those who believe in the philosophy of building plans for community, of community, and by community. Now how do we do it? How do we achieve that goal? Not by cover-up and smoke in mirrors and the same old promises recycled, but we do it this way. Our first act when we're elected to government is to open up all of the books — I promise — and have an independent review of the province's financial estate.

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

**Mr. Romanow:** — We can't trust them. Then we're going to ask the people to set new priorities, not PC (Progressive Conservative) priorities for large out-of-province corporations, but priorities for families and communities first.

Our goal then will also be to work for a balanced budget on a realistic time frame, perhaps in the first term of government, and then afterwards on the accumulated deficit to try to eliminate that within 15 years.

We intend to give the provincial auditors the true powers and not get into the battles that this government has had with the new auditor and last year's auditor, but to work with him as a partner; a real freedom of information Act, a code of ethical conduct.

These changes are going to put an end to years of wasteful spending like GigaText, the lavish trade offices in Hong Kong, and the unnecessary government advertising. Mr. Speaker, we're going to end the waste and mismanagement and get the finances of this province set up the right way — that's the first objective.

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

**Mr. Romanow:** — Our second goal, Mr. Speaker, will be to introduce a fair taxation. The current government's taxation policies have been unfair, and the latest example is the provincial PST, hot on the Mulroney's GST. Now there's 14 per cent on everything, books, children's clothing, restaurant meals, hair cuts, virtually everything, Mr. Speaker.

This tax is going to squeeze the life-blood from small businesses whether they're in the country or in the city. The government said today that they need this money to pay for GRIP and NISA. I say not true. The theme of the government's paper today is choices. I say the government had a choice. If they wanted to pay for these programs they had a choice. They could have cut out their own wasteful spending; they could have cut out Maxwell Smart instead of taxing the people of the

province of Saskatchewan.

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

**Mr. Romanow:** — And so I say to the Premier, and I say to the Premier and Maxwell Smart — and all of the lease arrangements that you've made with your private entrepreneur friends, and all of the other expenditures — I say to the Premier this: you have no mandate to impose this massive new tax in your last year, no mandate whatsoever. I tell you, on this side of the House we're going to fight this unfair tax, and I give this commitment to the people of Saskatchewan, every legitimate means . . .

**The Speaker:** — Order, order, order, order. Order. I'd like to call members to order. I'd like to ask the Minister of Justice to not intervene in the Leader of the Opposition's remarks, and I believe that this might be fairly said to some other members as well. Let's allow the Leader of the Opposition to continue, and let's allow our guests to hear his remarks.

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

**Mr. Romanow:** — Thank you, Mr. Speaker, but I fully understand the Minister of Justice has a little negative . . .

**The Speaker:** — Order, order, order, order, order, order. I believe the matter has been handled in a satisfactory manner, and that you have some remarks I'm sure everybody would like to hear.

**Mr. Romanow:** — Well, Mr. Speaker, I agree with you, but if some front-benchers weren't so allergic to the truth we'd get along a little bit faster. Unfortunately the Minister of Justice is one of them.

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

**Mr. Romanow:** — I want to say, Mr. Speaker, to the Premier, this tax will be opposed by us tooth and nail. You have no mandate in your fifth and final year to impose this tax when you had other choices. We're going to oppose it on behalf of the people of the province of Saskatchewan and use every legitimate ways open to us to prevent this unfair tax being foisted on the people of Saskatchewan, to prevent it from becoming law before this next election. I guarantee it, Mr. Speaker. I guarantee.

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

**Mr. Romanow:** — Now, Mr. Speaker, I want to say a word or two about why the GST is wrong, because the Minister of Finance talked about that tonight in his address.

Mr. Speaker, in declaring our opposition to the GST I am mindful of the dire financial straits in which the government is in, and I am mindful of the possible dislocation to some businesses by preventing harmonization. However, these considerations, in my judgement, are outweighed by the overwhelming evidence of economic hardship that this new massive tax has created already and will do more hardship in the months ahead. But these hardships are summarized as follows.

One, this GST provincially is a regressive tax weighing most heavily on those least able to pay. It's regressive in another special sense, Mr. Minister of Finance. In the case of the tax on learning, it penalizes knowledge and ideas. This tax is backward and regressive, and it is unacceptable.

And by the way, we fully expect the Minister of Education to resign from the cabinet as soon as possible because, having broken cabinet solidarity in his opposition to this tax on learning a few days ago, and having clearly lost that battle in cabinet tonight, he has no other choice but to do the proper and honourable thing and that is to resign.

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

**Mr. Romanow:** — And while I'm on this point of the regressive tax, I'll remind you, sir, that it was the deputy premier, one Eric Berntson, now Senator Berntson, who in this legislature sat for nine years beside the Premier, as the government would have us believe now, in opposition to the GST federally. But the moment that that person, Berntson, was appointed to the Senate of Canada, the vote went for the federal GST. And today that person is in charge of controlling and managing the Premier's re-election bid. Don't tell us that they're opposed to the GST. They were for it all along.

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

**Mr. Romanow:** — So, Mr. Speaker, this is a regressive tax.

Second, I want to stress this point. The provincial GST saps the competitiveness of our local industry. I appeal to the Minister of Finance, a local industry that's got to compete with other parts of Canada — Alberta at a rate of only 7 per cent; Manitoba, which is not harmonized, it's got freedom to adjust for its own citizens' interests — we stand to be bled from the left and from the right and from Alberta and Manitoba.

This tax in fact is a tax on local economic diversification and jobs. And, Mr. Speaker, it's implemented, it's foisted on us by press release at a time when the local businesses in this province can least afford to accept it because of their hardships. Now this government hands them another huge bill. Our competitiveness is lost.

Thirdly, this tax declares open warfare against a major and growing economic sector in our province, the retail and service sector. Ironically, the government is spending millions of dollars promoting tourism. Again I come back to my favourite ad, the Maxwell Smart ad — millions of dollars. But at the same time, and at cross purposes, Mr. Speaker, it levies a seven per cent PST on the tourist industry thereby harming it and scaring off tourists. Now if that isn't cross purposes I don't know.

You know, Mr. Speaker, in the original TV series, Maxwell Smart faces the forces of KAOS from some external source. I want to say, Mr. Speaker, that chaos is created by the members opposite right here in Regina, not in the external force.

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

(2015)

**Mr. Romanow:** — Fourth, Mr. Speaker, with respect to this attack on the retail and commercial industry — the fourth point.

Finance officials know the tax structures must be drafted to neutralize the impact of global economic decisions made in our global economy. You know you've got to table the Saskatchewan tax system on that basis. How can it be argued that Saskatchewan's economy, Mr. Speaker, especially today can absorb this tax when no other province, save Quebec thus far, has done what this government intends to do and is doing. Surely this decision must have been made by the political masters overruling the solid advice of the department officials, again proving that the government is lost and rudderless.

And finally on the GST — the provincial GST — I restate, Mr. Speaker, the negative impact of this tax on education, on instructional and reading materials. This is an assault of unprecedented proportions on our youth. It's an assault on our future. It's an assault on our ideas. If for no other reason, although there are many, the tax should be opposed on that basis. And that is what this official opposition is going to do, Mr. Speaker, right after this budget.

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

**Mr. Romanow:** — And, Mr. Speaker, I make one other point before I close as to the reasons why we oppose this tax. Can you believe, Mr. Speaker, an argument by a responsible Minister of Finance, and a responsible government, an argument which says, we know the economy is hurting and we're going to help that economy by slashing it with more taxes and putting more taxes to them left, right and centre.

What is the economic logic in hurting an economic industry which is reeling everywhere, Maple Creek, Canora. I look at the back-benchers, in Rosetown how the economy is hurting, out in Biggar. Where are all the back-benchers? Have you not had the courage to stand up to the Minister of Finance and speak for the interests of your communities or have you abandoned your communities as I think you have — this hurts the economy in the province of Saskatchewan.

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

**Mr. Romanow:** — Now, Mr. Speaker, let me say a few words about the second aspect of our policy and that is rejuvenation of the provincial economy as a way of tackling the deficit.

**The Speaker:** — Order, order. The Minister of Justice, I believe, and the member from Regina North West, I don't think we're putting on a very good performance here tonight for our honoured guests and I ask all of you to co-operate.

**Mr. Romanow:** — Thank you very much, Mr. Speaker. I appreciate again your attempt for the third time to rein in the Minister of Justice, and I will continue with my

remarks on economic development and what I think is one of the biggest failings of this budget.

At the outset, it must be stressed that Saskatchewan has been badly victimized in economic policy. And economic rejuvenation is important because the more people working, the more businesses operating, obviously more wealth, more revenues to the treasury. That's how you tackle the deficit. And at the outset, I say that Saskatchewan has been badly victimized by bad fiscal policies generated by Ottawa. High interest rates and a high Canadian dollar are intertwined and they've been kept high purposely by Ottawa.

And unfortunately, Mr. Speaker, for many farmers and businesses in this province, these hurtful federal policies have been not opposed by the government opposite. In fact, the government opposite, I would say, has bought — lock, stock, and barrel; hook, line, and sinker — the Ottawa policies of high interest, high dollar, federal GST, the Canada-United States free-trade deal and now the Canada, United States, Mexico free-trade deal. They're simply in Ottawa's hip pocket when it comes to fiscal and economic policy.

Mr. Speaker, if we could achieve an 80-cent dollar and lower interest rates, the impact on provincial revenues to tackle our deficit would be enormous, significant at least. Through greatly increased market shares in resources and agricultural products with a lowered dollar, the revenues would rise and the industries would be healthier. But we've had a government that's been silent as a pussy-cat on this issue.

What we need is a new government which prepares a strong case on behalf of Saskatchewan people, to lower the interest rates and the dollar, and then forcefully present it to Ottawa. And we've heard virtually nothing about that issue in this budget tonight. So what we need to do is have that plan. We need to get allies wherever possible, and then stand our ground in Saskatchewan to force Ottawa to revise the policy in the interest of the people of this province.

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

**Mr. Romanow:** — And if you add to that a national industrial strategy and an international development program which does not tie us in exclusively to the United States market, just imagine the great potential and the results that we could achieve. Mr. Speaker, I fear that that kind of an approach of standing up to Ottawa will come only after Saskatchewan elects a brand new New Democratic Party government come the next election.

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

**Mr. Romanow:** — Now I want to move to another dimension of this question of economic rejuvenation, getting the pie growing, making it bigger. I want to move from the national to the domestic level, and I want to take a look at the policies of the people opposite — a policy which I can only describe as megabucks for megaprojects, the idea that bigger is better, that only outside entrepreneurs can do it for us, and the results have been devastating. I won't give you the details.

We believe that a new direction must be pursued — one that assists strategically our local businesses and entrepreneurs, using all the tools available of a modern mixed economy.

What are some of the ideas that can be worked:

1. New investment in local manufacturing for those products especially that the world seeks;
2. aid to trade to help local business find export markets;
3. value-added policies with respect to resources in agriculture in a sensible and pragmatic, diversified way with a plan in concert with our business community;
4. programs to train and retrain our strongest asset, our people, so they can take their place in today's global economy;
5. emphasize technologies and information systems, and;
6. to concentrate on those industries and resources where we here in Saskatchewan can have a real impact on the world.

Take potash — when we are a world force, right here, in potash, and a low cost producer, the question that's got to be answered is: why are we mining at one-half capacity when the rest of the world is running flat out? Mr. Speaker, if we could achieve potash sales at the general average, we would greatly enhance our revenues, we might reopen mines, we could employ people. Think of the multiplier effect. This approach needs to be examined not only with respect to potash but all of those areas where Saskatchewan has a pre-eminent position in the world. Again no words of this game plan in this budget.

Mr. Speaker, I want to tell you as I travelled the province of Saskatchewan, there are many exciting ideas and dynamic people who have got ideas to create strong and healthy entrepreneurial economy and some of the ideas that I've listed are by no means exhaustive. But they are getting no support from the government opposite. There is no game plan from the government opposite. What they see instead is waste and patronage and they know, like the people know, we need a new government here in Regina to get things moving around.

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

**Mr. Romanow:** — Now a brief word about our fourth goal — to preserve and to protect our rural way of life. This, Mr. Speaker, means a commitment to the future of our small towns and family farms — not words but a commitment, solid programs. New Democrats have that commitment. We have a basic four-point program for our family farms, which I contrast with the government opposite, and the communities also who depend on the family farmers.

First we suggest a short-term moratorium on farm foreclosures to keep farm families on the land during this time of crisis. Second, because we acknowledge that a moratorium, short term or otherwise, won't solve anything, we're committed to sit down with the farm organizations and financial institutions to develop a

meaningful debt restructuring plan.

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

**Mr. Romanow:** — And, Mr. Speaker, deafening silence from the government on this budgetary aspect, on both of these points. We've got to help the farmers through the bad times so they can pay back in the good times.

Third, we insist that Ottawa make good on its promise of a federal deficiency payment — the so-called third line of defence. This payment was called for in the amount of \$550 million. The Premier promised it in a meeting with the minister, Mazankowski, eight days before the announcement. Now, by the way, they're suggesting that there's likely to be another one coming. And this is the kind of gamesmanship that's been going on for eight months. For eight months they said that third line of payment is coming. It's coming, it's coming, just wait for it. Then they announced it a few days ago. It's \$170 million tied into GRIP and NISA. The farmers are complaining about the questions attached to GRIP and NISA. These people opposite know that it's an unpopular and inadequate payment.

Now they're saying — the Premier said on CBC (Canadian Broadcasting Corporation) today — hang on, it's coming. It's coming again. It's going to be here some time. Sooner or later, it's going to be coming. I'm not sure when. I mean, where in the world has the Premier been. He's a farmer. He knows the crisis. We all know the crisis. He raises the expectations of the people of Saskatchewan, and he flies in the face of the recommendation of farm organizations which say:

producers ... favour an *ad hoc* Special Canada Grains Program type ... because it is sensitive to productivity, directly puts cash in the hands of producers, and does not require long-term commitment.

And this government opposite failed and failed badly in that approach, and we're going to continue to fight for that third line of defence payment.

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

**Mr. Romanow:** — And fourth, Mr. Speaker, on long-term farm income stabilization, we've been pushing for such a plan for years now. And after five years the Mulroney government has finally reacted with GRIP and NISA. It's a start; I've said that.

But they fall far short of what is needed, and there are many unanswered questions by farmers, especially pressed by the deadline of May 15. Questions, so many questions that the cabinet ministers opposite who still farm, some of them haven't even enrolled in the scheme. That's how many questions there are. And they're at the bargaining table, those people there. I don't know if the Premier's enrolled yet. I don't know if the Minister of Finance is enrolled yet. I don't know if the member from Kelvington is enrolled yet. No, they're looking at all their options. Oh yes, he's enrolled, and so is the minister of Economic Development. But the point that I'm getting is that these are questions those who are at the bargaining

table don't have answered yet. How in the world can we expect the farmers to be pressured in order to answer these questions.

So we say that when there's a New Democratic Party government, we're committed to reopen negotiations on GRIP and NISA as soon as possible to get improvements.

One, an effective cost of production formula — the 15 rolling average currently might make this the shortest-lived, long-term farm program in history, and the farmers are tied in for four years. Secondly, to remove incentives which are designed to overproduce certain crops; thirdly, to get Ottawa to pay a larger share of the cost. Mr. Speaker, the people in this province — everybody in this Chamber and everybody listening to this debate, per capita — pay \$164 Saskatchewan portion for GRIP and NISA. In Ontario, same plan, \$30 per capita, and in Quebec \$18 per capita. Why? Because Ottawa has off-loaded its responsibility onto the farmers and onto a province which is least capable of being able to manage that kind of an expense in this economic crisis.

Where in the world was the Premier when the negotiations were required? Why did he give in? Why didn't he stand up to fight for the taxpayers of the province of Saskatchewan?

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

**Mr. Romanow:** — So, Mr. Speaker, we're going to urge ... to try to see if we can renegotiate these costs so that Ottawa carries the burden. If the farmers provide cheap food for the people of Canada in Montreal or Ottawa or in Toronto, by golly, in times of need Toronto and Ottawa and Montreal is going to help out of the federal purse for the farmers in their time of need — make no mistake about that.

I could go on. There are other ideas with respect to flexibility, but you get the point that we make. Here this government ...

**The Speaker:** — Order, order. Order. All hon. members will have an opportunity to speak on the debate.

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

**Mr. Romanow:** — Thank you very much again, Mr. Speaker, for preserving my right to speak in this forum. I was saying, on the question of GRIP and NISA, how can a provincial government, some people ask, get these improvements from a federal government which is reluctant to help? Well the answer as I see it, is you put the case with strength and vigour and you keep up the pressure. You put Saskatchewan's interests first, not political interests of the federal government, as I think we've seen far too often between Regina and Ottawa. And I am convinced, with a new government, a new mandate, and a new federal-provincial configuration of governments, those improvements will be made to help the family farmers of the province of Saskatchewan.

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

(2030)

**Mr. Romanow:** — Finally, Mr. Speaker, in terms of my objectives, before I adjourn the debate, I want to just say a brief word about the business of the quality of life as part of our agenda. I've talked about these five points in the context of our philosophy as a contrast of what they've done over 9 to 10 years. Quality of life, that's what politics is all about at the end of the day. That's why we want the financial house in order so that we can manage our programs the way our community, called Saskatchewan, wants it. That's why we want to create jobs and keep the farmers working and the small towns surviving.

Quality of life for our families, and their children, and their children, and for our neighbours in our communities. Our philosophy of the 1990s — people helping people. That's the way we've always done it in this province. That's what it's all about. And is there a big agenda? Mr. Speaker, it is an outrage and a blight on this great province of Saskatchewan that today we have either the second highest or the highest rate of poverty of anybody in Canada.

I never thought I'd say that. I never thought in my years of politics that the growth industry was food banks, thanks to these people opposite, either uncaring or forgetting of this. That's quality of life. Children who do not have nourishment or opportunities to grow. Think of the social and other problems which are attached to it. And these people are smug in giving the amount of money for child poverty which is equal to the salary of Mr. Chuck Childers. Equality and fairness; there's a big agenda for quality of life.

I just want to very briefly close on a couple . . . I could environment and the question of human rights, but I want to mention just very briefly a couple of these things that I think are under serious attack, and that is the question of education and health care, before I take my place. I say New Democrats and the people of this province want an education system where a student's ability is not restricted by high quotas because there's no money coming from Regina to universities or to SIAST.

I think a student's right to education should be guaranteed if that person's got the ability and the drive and a decent standard of entrance into a university. They shouldn't be taxed through tuition fees and they shouldn't have the quotas. And they're being denied to do this now unless you've got the money. And the result is that more middle class kids and upper income kids get into university. But those who do not have the fortunate capacity of coming from families with the financial wherewithal, but have the drive and intellect, are being denied.

Well I say that New Democrats want an education system where a student's ability to get a high quality education depends on what they've got up here and not back here in their hip pockets.

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

**Mr. Romanow:** — And finally, what about the health-care system. Much can be said about this, and much will be in the days ahead as I bring my remarks to a

close — a health-care system that we see today where doctors and nurses and other care-givers are worried about intolerable working conditions, and difficulties of stress which manifest themselves today with the nurses coming to this Legislative Building to protest what's happening.

What in the world's gone wrong with medicare and health care — 197 beds, 197 people, 113 beds in Saskatoon, about 200 in Moose Jaw, Yorkton, and Regina, I think in round terms, closed down. What in the world has gone wrong?

They say that the costs are getting out of control. That's not true. The costs are within the projected costs of Emmett Hall's survey back in 1968 essentially. But they propagate this myth that the costs are way out of control, and so their constituency people are saying you got to put deterrent fees on. Oh well the premium won't hurt anybody they say. Well we'll cut back on the prescription drug plan they say — all of these things which up until these people got into office were functioning quite well.

I mean, but what in the world has caused all of this bed closures, and professionals leaving, and communities on the edge? I'll tell you what's caused it. What's caused it is a government that has more interest in the well-being of Cargill than in the well-being of Royal University Hospital in Saskatoon or City Hospital in Saskatoon.

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

**Mr. Romanow:** — Mr. Speaker, in a budget what is it that causes a government to plan to build huge capital expenditures as it did at City Hospital, and then virtually has the top floor shut down without it even being completed yet, and has the announcement a few days ago of the fourth floor at St. Paul's being shut down without it being completed. Where in the world were these people, where in the world was the Minister of Health when he was making these planning decisions? Where in the world was this government?

I do not understand how this can happen except for a government that either doesn't care about the sanctity of the health-care system, or a government which doesn't understand the importance of health care and the tradition of this province.

Well I tell you, Mr. Speaker, I don't believe the people of this province have ever, ever trusted Conservatives. I won't say all Conservatives. They will have never trusted this Conservative government with health care. Putting this government in charge of the health care system in Saskatchewan's a bit like putting Colonel Sanders in charge of the chicken coop. It's downright dangerous to the health of medicare, Mr. Speaker, downright dangerous.

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

**Mr. Romanow:** — You want to save money, Mr. Speaker? We've got to move to the 21st century, a new system of health care based on community control, on wellness, on prevention — the new directions of which there are many writings and many thoughts. None of this in the

budget by the Hon. Minister of Finance, none whatsoever.

Motion agreed to.

And he got up and he talked as if these funds were being increased and increased, and I asked myself again — and I close on the way I started — where in the world was the Minister of Finance today when the nurses were out front? In what world do these people live? They live in a world isolated of nine years . . . 10 years of budgets and nine years of government. They are so now encased in their own bureaucratic fuddle, in their own confusion and their chaos that they cannot separate reality from their political existence. That prompted the situation.

The Assembly adjourned at 8:40 p.m.

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

**Mr. Romanow:** — No, Mr. Speaker, they had a choice. And we're going to give the people of the province of Saskatchewan that real choice when this election is called. They had a choice of building on communities and families and the philosophy of co-operation, but they chose their philosophies of unbridled competition and their philosophies of in effect pitting communities against others. Now they come in their fifth year and they are co-operators.

They had a choice to tighten the belts, but they didn't. They had a choice of cutting back the waste and the mismanagement. They had a choice, but they didn't give that choice in this budget over 10 years. That's why they're mired where they are in popular support. That's why every one of those members sitting opposite, Mr. Speaker, knows what is awaiting them in this election. Because after nine years, the people of the province of Saskatchewan said yes, Mr. Premier, you had a choice. You had a choice to end the waste. You had a choice for fair taxation. You had a choice for jobs, for a rural way of life, for a better quality of life, for education and health care. You had a choice and you didn't do it.

Mr. Speaker, it's going to take a brand new government for the 1990s to provide that choice, to provide hope, and to get the people of this province once again building and being number one in all of Canada, if not in North America.

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

**Mr. Romanow:** — And, Mr. Speaker, because I have much more to say about this phoney budget, because I have much more to say and I need more time to study the details and the figures which the Minister of Finance just presented to us an hour or so ago, I beg leave to adjourn this debate.

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

Debate adjourned.

### **Resumption of Budget Debate**

**Hon. Mr. Hepworth:** — Mr. Speaker, I move:

That debate on the motion that this Assembly do now resolve itself into the Committee of Finance be resumed on April 23, 1991.