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| ***Province*** | ***Législature*** | ***Session*** | ***Type de discours*** | ***Date du discours*** | ***Locuteur*** | ***Fonction du locuteur*** | ***Parti politique*** |
| Saskatchewan | 17e | 4e | Discours sur le budget | 8 mars 1974 | Wesley Albert Robbins | Ministre des Finances | Saskatchewan New Democratic Party |

Mr. Speaker, I understand that it has long been a tradition in this Assembly that the Finance Minister wear a new and special tie for Budget day. Although I am not hidebound by tradition I assure you, I think this is a rather harmless tradition and I am pleased to continue it. My tie for today is a Scots tie, a Scots plaid, a plain and simple tie. I believe in simplicity. I purchased it at a sale.

I was informed that it was worth $4 but the item was on sale for $1.66. I liked it and I bought it. If it should tum out to be misrepresentation, I shall report it to my colleague, the Hon. Member of Consumer Affairs (Mr. Tchorzewski) who is seated on my right. I do not believe I will have any difficulty. My colleague on my left, the Minister of Co-ops (Mr. Cody) will be pleased to know that I bought it in my local co-op store where, incidentally, I purchase most of my goods and most of my needs and where, as a consumer, I have every confidence I will be treated fairly and properly. I may even please the Leader of the Opposition (Mr. Steuart) as he is worried about inflationary tendencies and so am I-so should we all be. My co-op had a special cash rebate on last week for all members' purchases. The $1.66 had a 20 per cent cash discount, reducing the price to $1.33, that plus tax resulted in a net cost of $1.40. Members will realize that in this case I am spending very limited sums to prepare for my Budget presentation, thus reducing inflationary tendencies.

Mr. Speaker, it is with a sense of honor and responsibility that I present to you and to Members of this House the third Budget of the current term of this New Democratic Government.

In so doing I am conscious of the remarkable contributions made by my predecessors in this administration.

In presenting our first Budget two years ago, Premier Allan Blakeney reminded the House of the four-year program pledged during the election campaign of 1971 - the well known New Deal for People.

You will recall that the party opposite said that those promises could never be fulfilled. If they were, they said, the Province would be bankrupt. The Premier stood in this House in 1972 and invited - nay urged - the people of the province to keep a box score on our election platform, to compare our record of performance in honoring our pledges with the record of the party that sits opposite following their election victories in 1964 and 1967.

Today, Mr. Speaker, I repeat that invitation.

Because, Mr. Speaker, when I resume my seat this afternoon, it will be clear to everyone that this New Democratic Government has kept its faith with the people of Saskatchewan.

This Budget brings to fruition the New Deal for People, virtually complete. Not in five years, Mr. Speaker, not in four years, but in three.

This would be reason enough for my pride in presenting this Budget today. But this Budget is not only the fulfillment of a promise, it is a keystone for the future. With it we are building a solid foundation for a more exciting, more secure and more democratic future in Saskatchewan.

If I were to attempt to capture in a single word the essence of the Budget I will lay before you today, that word would be 'development': development of our economy and our resources; development of our people through progressive social reforms and programs; and development of local autonomy through an imaginative new plan of assistance to local governments.

This Budget contains progressive programs designed to establish a base for continuing economic prosperity. Our goal is to see that this prosperity is not merely a peak in a recurring cycle of booms and busts, but that it forms the basis for a solid and secure future.

We will propose, Mr. Speaker, important new development programs to diversify the economy. We will make a major effort to provide stability to the agricultural sector, to use our renewable and non-renewable resources fully and effectively, to encourage secondary industry, to develop tourism and to create economic opportunity in Northern Saskatchewan.

Coupled with the strong emphasis which this Budget places on economic and social development are major steps towards achieving equity in taxation and a fair redistribution of income.

Mr. Speaker, I could with justification use more superlatives in introducing this Budget. But let me summarize it this way.

Budgets are sometimes reputed to have some relationship to that recurring Canadian phenomenon - the election year. I can say nothing more eloquent than this: Were this an election year, I would stand in this House today fully confident that the New Democratic Party would be returned with a larger majority than we received in 1971.

Before turning to our expenditure proposals, let me outline the national and provincial economic framework in which this Budget is set.

In general, the Canadian economy in 1973 was marked by high inflation combined with high unemployment. We seem to have the worst of both worlds. Consumer prices increased by 9.1 per cent over 1972, the largest annual jump in over 20 years. Saskatchewan's increase was lower than the Canadian average; nevertheless it created a real hardship for those in lower in- come groups and for those on fixed incomes. Across Canada, the high rate of inflation in 1973 was not matched by a reduction in unemployment to acceptable levels. The Canadian unemployment rate averaged 5.6 per cent over the year. The Federal Government points again and again, to increased labor force participation as the main cause of high unemployment over the last few years.

The plain fact is that Canada has not created enough new jobs quickly enough to provide work for all the people who want to work. Today's high unemployment problem began in 1970. It all started when the Federal Government deliberately introduced policies to reduce the demand for goods and services. Those policies were all too effective. They resulted in high unemployment and unused productive capacity. But they had little effect on rising prices.

Society is paying a high price for the shortsighted policies of the Federal Liberals.

Too high a price, I submit, particularly for the youth of Canada who want to lead productive lives, who want to work but can't find challenging jobs. Indeed, many can find no jobs at all. Furthermore, Mr. Speaker, some are paying a much higher price than others. Since 1970, corporate profits have been increasing as a percentage of national income. At the same time, the percentage share of wages peaked in 1971 and has been declining ever since. In other words, corporations are getting a larger slice of the pie; wage earners are getting less. And this was no minor shift. It was so large that in 1973 there was an actual decline in the real value of the average worker's weekly pay cheque in this country. That means, Mr. Speaker, the average worker could not buy as much with his wages in 1973 as he could in the prior year.

We keep hearing, Mr. Speaker, that these increases in profits are necessary incentives if we are to have full employment. There is nothing in the experience of the past three years to support this contention. The Government of Canada must find a better way to achieve full employment - one which works, and one which does not produce soaring corporate profits at the expense of the average wage earner.

Let me now, Mr. Speaker, comment on the economic conditions which will likely prevail in 1974.

Early indications suggested that .Canada might expect to achieve a 4.75-5.25 per cent increase in real gross national product over 1973. However, a number of factors, including a marked slowdown in the American economy, may hold back the Canadian growth rate. As a consequence, a real growth rate in the four to five per cent bracket appears to be the most optimistic we can expect. Slower economic growth, coupled with a significant growth in the size of our labor force, can only mean a continuation of high unemployment unless substantial and effective changes are made in federal policy. We urge the Federal Government to take up the banner of full employment.

The future of the markets for primary products appears bright for 1974. However, it is essential that the Federal Government take steps to stabilize markets and incomes for all primary producers, especially farmers.

We have previously expressed our disagreement with the Federal Government's intention to maintain and extend the role of the open market in the disposal of specialty and feed grains. Such a shortsighted policy can only hurt the western Canadian farmer and the economy of this province.

Mr. Speaker, let me now turn to the Saskatchewan scene.

The favourable performance of the Saskatchewan economy, to which my colleague, the Hon. Elwood Cowley, referred last year, continued throughout 1973. We have seen substantial improvements in all areas, by agriculture and other primary industries. The result has been healthy increases in investment and construction, and expansion in service and manufacturing industries. Our own economic strength has made a sizeable contribution to national economic stability and growth.

Mr. Speaker, I should like to review some of Saskatchewan's major economic indicators.

Cash receipts from farming operations reached an estimated all-time high in 1973 of approximately $1.5 billion. This reflects higher receipts from grain and a 30 per cent increase in receipts from livestock. Realized net income of farmers is estimated to be in the neighborhood of $884 million, substantially up from the $649 million level of 1972.

Personal income for 1973 is estimated at $3.4 billion, up 25 per cent from the previous year. The large increase is explained almost entirely by the significant increase in farm income and an estimated 10.1 per cent increase in labor income which rose to $1.6 billion. Per capita personal income rose by $776 to $3,744 per annum, an increase of 26.2 per .cent.

The mid-year review of private and public investment in Saskatchewan recorded $1.2 billion for 1973, an increase of 9.3 per cent. Housing starts were 6,300 in 1974 compared to 4,845 in 1972. Mr. Speaker, I would remind the House there were some 1,500 housing starts in the last full year of Liberal administration in 1970.

Retail trade increased by 13.3 per cent and manufacturing shipments rose by a healthy 23 per cent to a level of $763 million. An important offshoot of the increase in retail trade was the creation of 7,000 jobs in the trade sector.

Our labor force increased by 6,000 in 1973 to 358,000. Due to the strength of the economy, Mr. Speaker, this increase was absorbed and our average annual rate of unemployment was lowered to 3.6 per cent from 4.3 per cent in 1972.

The number of people with jobs increased by 8,000.

What about 1974? What are our hopes and expectations for the year ahead?

The outlook for agriculture is optimistic, at least until the end of 1974. Although this year's world wheat production is expected to be a record, demand for wheat and feed grains by importing countries will likely remain strong. Most observers agree that prices for grains and livestock will hold up reasonably well. If this proves true, agriculture will continue to provide a sound base for increased economic activity during the year.

Demand and prices for the products of forests and mines (including petroleum) are also expected to remain strong during the coming year.

We are generally optimistic, Mr. Speaker, about the state of the economy in 1974. Personal income may be expected to rise dramatically to $3.9 billion, a 15 per cent increase. Private and public investment should increase at a similar rate.

However, I must caution the Members of this Assembly that we must always remember that the Saskatchewan economy has moved up and down in the past because of its heavy dependence on agriculture and other primary products. As a result our long-run level of personal income has been below the national average and we have continued to lose population.

For this reason, we have pressed the Federal Government to provide greater stability for grain and livestock producers.

A federal contribution to farm income stability would, ideally, take the form of a grains income stabilization program which takes into account inflation and the increasing cost of farm inputs. Other necessary measures include a livestock returns stabilization plan, the establishment of a National Feed Grain Bank and improved import controls to prevent agricultural surpluses in other parts of the world from undercutting prices for Canadian producers.

I commented earlier on the effects of Saskatchewan's dependence on primary industries. Canadian industrial development policies have resulted in the concentration of secondary industry in Central Canada. The other regions have been left to supply raw materials to the industrial heartland and buy its manufactured goods. The assumed 'natural' advantage of the East which attracts industry is by no means natural. Rather it is the result of the discriminatory national policies which have been pursued over the past 100 years.

We need a transportation policy which is fair to all regions of Canada and will permit each to exploit its natural advantages. We need a national development policy which neutralizes the historic advantages awarded by successive old- line party governments to Central Canada.

In short, Mr. Speaker, what we need is a new national policy, redirected towards balanced regional development, to provide equal opportunity for all Canadians no matter where they may live.

Mr. Speaker, moving more directly to budgetary matters, let me comment briefly on the results of the 1972-73 fiscal year and on changes for 1973-74.

The Public Accounts for the year ended March 31, 1973, reflect for the first time, statements prepared in accordance with the concept of long-term fiscal accounting. This concept was introduced last year in order to report' more fully the fiscal position of the province both on an annual and a cumulative basis. These Public Accounts indicate that budgetary cash inflows of $543.3 million and budgetary cash outflows of $512.5 million yielded a net cash increase for 1972-73. As a result, the cash carry-forward at the end of the fiscal year stood at $30.8 million.

Total revenues exceeded the budgetary estimate by $29.3 million, and expenditures were $700,000 below the estimate.

One year ago, this Government introduced, for the first time, the gross budgeting concept. This practice indicates the total cost of government programs so that their full impact can be properly assessed. The 1973-74 Budget called for cash out- flows of $722.8 million and inflows of $723.7 million. Since that Budget was approved, additional expenditure proposals have been introduced which will bring total expenditures for the year to approximately $793 million.

We expect budgetary revenues for the 1973-74 fiscal year to reach $808 million.

Mr. Speaker, in the main, two revenue sources accounted for the increase. First a higher general income level will result in an additional $l3 million in consumption taxes, and second, equalization receipts will exceed the estimated amounts by some $43 million. This will mean that an estimated $15 million will be added to the cumulative cash carry-forward of $30.8 million. At the end of the 1973-74 fiscal year, we will have therefore, the cumulative cash carry-forward of about $45.8 million.

Mr. Speaker, I should like to give you a general run-down of the major additions to the 1973-74 budgetary proposals which the Legislature will be asked to approve in the Supplementary Estimates.

These would 'include:

Increases in the grants to the Saskatchewan Medical Care Insurance Commission and the Saskatchewan Hospital Services Plan of $4.8 million and $5.8 million, respectively, resulting from the abolition of Hospital and Medicare premiums.

A payment of $6.6 million to the Workman's Compensation Accident Fund to assist in capitalizing the cost of increases granted in pension benefits.

Approximately $1.1 million for payments to hog producers under the Interim Hog Price Stabilization Plan.

Additional expenditures by the Department of Northern Saskatchewan.

Creation of a fund to provide capital assistance to local governments which will be dealt with in detail later in my address.

Mr. Speaker, for a brief few moments I should like to talk about the province's capital financing. During 1973 Saskatchewan borrowed $108.3 million by way of debentures. $60 million came from the Canadian Bond Market; $45.2 million from the Canada Pension Plan Fund; and $3.1 million from the Receiver General for Canada.

The public issues of $60 million were well received and sold quickly at favourable prices.

We also realized substantial savings by taking advantage of all funds made available by the Canada Pension Plan. The average interest rate cost of 7.46 per cent. Mr. Speaker, I am sure that House Members are aware of the fact that the province as all provinces have the right to take up in the form of loans all contributions of employees and employers to the Canada Pension Plan within their jurisdiction each year at the long-term Canada Bond rate. This is distinctly advantageous to the province in their borrowing programs.

In 1974 we expect a substantial growth in our capital financing. A total of approximately $178 million will be required. Of this total approximately $60 million will be obtained from the Canada Pension Fund, the Federal Government and internal sources. The balance of approximately $118 million will be borrowed from the public market.

I think that it should be pointed out that the demand for Province of Saskatchewan debentures by investors all across Canada is strong and the credit of the province is equal to the best provincial credit in this country.

Mr. Speaker, I have been setting the scene for the meat of my remarks today - our Government's budgetary proposals for 1974-75. I have reviewed the fiscal results of the past and current budget years. I have noted our improved economic performance and I have commented on the problems and the opportunities which lie ahead.

In its first two budgets, Mr. Speaker, this New Democratic Government firmly established its ability to deal with problems and seize opportunities for the benefit of the people of this province.

There were a number of reasons we were able to do so. But perhaps more important than any other was the fact that we assumed office with a comprehensive plan and a solid mandate to carry it out.

I refer, of course, Mr. Speaker, to the New Deal for People. In the New Deal we laid out the-kind and style of economic development which we would pursue in the interests of the people of this province. In the New Deal we pledged to shift the burden of supporting local governments away from the regressive property tax and toward taxes which better reflect ability to pay. In the New Deal, Mr. Speaker, we promised to end provincial neglect of urban problems and to strengthen the ability of local governments and to improve the quality of urban life.

In the New Deal we undertook to restore to government a concern for people and to systematically improve and expand our services to people. In the New Deal, Mr. Speaker, we promised to work toward a minimum income floor for families at the lower end of the economic ladder.

Mr. Speaker, we have already taken a number of steps toward these goals. But in the budgetary proposals which I will outline today, those steps are lengthened - long strides toward a better more stable, more secure Saskatchewan.

There is nothing novel, Mr. Speaker, in saying that diversification is the key to stabilizing Saskatchewan's economy. Diversification within our number one industry of agriculture; diversification through the development of more processing of primary products; diversification of economic opportunity in our northern area.

No, there is nothing novel in that idea. Indeed when the Hon. Members opposite were in power they talked about diversification at great length. But they couldn't get a handle on the problem. They talked and talked but little happened.

Mr. Speaker, with this Budget we are taking concrete steps towards diversifying our economy. Right now, Saskatchewan is negotiating a number of cost-shared development agreements with the federal authority. In conjunction with the Department of Regional Economic Expansion and other federal agencies, we are embarked on a concerted effort to develop Saskatchewan's economic opportunities in a realistic way.

The recent signing of the General Development Agreement marks the first step in that process. This agreement established the general direction and principles to be followed by the two governments.

The stage, Mr. Speaker, is now being set for the early signing of a series of specific agreements which will launch action on a number of development opportunities - iron and steel, forestry, the Qu'Appelle Valley, mineral exploration, agriculture, tourism and urban and rural development.

In addition, we are producing a joint development program for Northern Saskatchewan in an effort to improve social and economic conditions for northern people.

Substantial funds, Mr. Speaker, have been allocated in this Budget for these development programs.

For example, with respect to forest developments, this Budget provides funds for an inventory of forest resources as a basis for planning future development and for improved reforestation and forest protection programs.

We are also working on a mineral agreement. Under it we expect to speed up discovery and development of base metals and uranium. Rising prices for these metals could mean greatly improved employment opportunities for northern residents.

But quite apart from joint federal-provincial plans, this Budget contains proposals for new or expanded development projects. Let me review the highlights beginning with the Department of Agriculture.

Mr. Speaker, we will continue to direct our agricultural programs towards more production per acre rather than more acres per farm. In other words development within the line fence. We know all too well the effect of farm consolidation on our small communities. In 1963 the farm labor force numbered 126,000. In 1972 that number had shrunk to 91,000. It was obvious that without concerted action rural Saskatchewan would soon consist of huge farms operated with heavy machinery and a minimum number of people.

What did the Liberal Government offer farmers during those years when so many people were leaving their farms, when the dependence on one crop caused farm incomes to shrink? Little, Mr. Speaker, but talk. Their lack of success in diversifying agriculture, and in providing capital to young farmers, allowed the problem to become an extremely acute one.

Two years ago we took action to preserve the family farm by establishing the Land Bank.

The Land Bank is a program which provides new options for the retiring farmer and for the young man entering farming. To complement the Land Bank, we established FarmStart to help small farmers begin or expand livestock enterprises.

In 1974-75, Mr. Speaker, we will expand FarmStart. Twelve hundred farmers will receive assistance in the next fiscal year.

We expect to make a total of 1,200 loans and 700 grants averaging $20,000 and $4,000 respectively. This represents an increase of 500 loans and 300 grants over the current year.

Mr. Speaker, I am pleased to announce that in 1974-75 the Saskatchewan Land Bank Commission will be allocated an additional $20 million for the purchase of farm land.

The Commission will also expand its counselling services to provide more assistance to the individual farmer.

In addition we will continue to press for federal-provincial livestock returns stabilization plan to replace our present interim plan on hogs which ends July 15. Such a program is absolutely essential if we are to create a healthy economic climate for the Saskatchewan livestock industry and end the situation whereby Saskatchewan producers subsidize consumers of meat in eastern Canada.

A grant of $50,000 will be made to the hog production committee to promote the Saskatchewan hog industry.

In 1974-75, we will provide a sum of $50,000 for the development of a Sheep Marketing Commission. We look to such a commission to improve returns to sheep producers and encourage farmers to enter sheep production.

Mr. Speaker, anyone familiar with farming is aware of the high cost of the things farmers must buy. This is especially true of machinery. To investigate farmers- complaints more thoroughly, we will expand the services of the Agricultural Implements Board.

Inspection services will cover most provincial distributor and vendor facilities. In addition farmers will be eligible for compensation if a manufacturer fails to fulfill his warranty obligation.

Mr. Speaker, the House is already aware of a joint project of the three prairie provinces aimed at improving the design, selection and use of agricultural machinery. The 1974-75 estimates provide $323,000 as a grant to the Prairie Agricultural Machinery Institute.

This Institute will be established in Saskatchewan and will create nearly 50 new jobs.

This was promised in the New Deal for People, Mr. Speaker. That promise will be fulfilled this year.

Mr. Speaker, let me say a word about Saskatchewan's Crop Insurance program. For 1974-75, two additional crops will be insured: utility wheat and mustard. Coverage will also be extended to losses resulting from farmers' inability to seed because of flooding.

In the coming year, we will open fifteen new crop insurance area offices. We expect 35,000 farmers to insure their crops with insured acreage more than double that of 19/3-/4.

I want to stress, Mr. Speaker, that this year the combined capital and ordinary budget for the Department of Agriculture will be $30.2 million, an increase of 46 per cent over 1973-74. This budget underlines, Mr. Speaker, the importance we attach to the agricultural sector: it provides nearly twice the $16 million offered during the last year of Liberal administration.

Mr. Speaker, tourism is an expanding industry with a strong potential for creating new jobs. Its development is closely tied to the wise use of our natural resources - particularly our forest and wilderness areas. To give new emphasis to tourism, and to provide a balance between tourist promotion and conservation, we will introduce legislation at this Session to create a new Department of Tourism and Renewable Resources.

In 1974-75, Mr. Speaker, our Government will give new impetus to restoring and preserving Saskatchewan's heritage. In Regina, we will renovate two of Saskatchewan's most significant early buildings to create an attractive new museum-park complex. The Territorial Government Building on Dewdney A venue will be restored as a museum of early government. Saskatchewan House will also be renewed. The two buildings will be operated jointly as a museum of prairie history. The grounds of both buildings will be landscaped and maintained by the Wascana Centre Authority, creating attractive small parks for that area of the City.

In addition, a new program to cost $138,000 will assist interested communities to preserve their own local historic resources. The Government will provide 60 per cent of costs, including technical assistance for restoration of historic buildings.

Mr. Speaker, transportation plays a major part in making historic sites accessible to our citizens and visitors. In the coming year we will spend over $1 million to construct convenient access roads to the historic locations of Fort Walsh, Fort Carlton and Cannington Manor.

Mr. Speaker, this Government will greatly increase activity in reforestation, forest inventory, and forest protection. A start will be made on a third forest nursery to supply additional seedlings for the reforestation program, and production at the Big River Nursery will be increased. The Department of the Environment will co-ordinate a study of the forest industry, to ensure that forest management will reflect environmental as well as economic concerns.

Mr. Speaker, I referred earlier to the need to diversify Saskatchewan's industrial base. To move effectively in this area, we must have the capacity to identify opportunities, research their potential and promote development packages. To meet this challenge the development and promotional capabilities of the Industry Development Branch will be significantly expanded in the coming fiscal year.

In the area of trade, our Government will continue to promote Saskatchewan products in the European Common Market and the Pacific Rim countries.

Mr. Speaker, small business plays an -essential role in the economic and service structure of Saskatchewan, especially in smaller centres and in our rural communities. In 1971, we promised to create a new division of government to promote the interests of small businessmen and to provide them with access to technical advice in specialized areas. We launched our business assistance program in 1972. In the coming year, two additional field offices will be established.

Mr. Speaker, we have revitalized the Department of Industry and Commerce as an important element in encouraging industrial development.

What did our Liberal predecessors do? They starved that Department and they moved all major negotiations in the ministerial offices then occupied by the present Leader of the Opposition and his colleagues.

Mr. Speaker, I do not have to comment on the failure of that approach. The people of Saskatchewan and our former residents now living in the provinces of Alberta and British Columbia well know those results. That approach to industrial development was successful only in selling out our resources for a minimum of jobs.

In summary, Mr. Speaker, our Government has done a good deal to assist the business sector, and intends to do much more. I am pleased to announce a budget of $4.1 million for the Department of Industry and Commerce for 1974-75, an increase of more than 50 per cent in one year.

Mr. Speaker, when we assumed office we found the Department of Co-operatives in a state of suspended animation - a victim of deliberate neglect by the previous administration.

Our Government supports the philosophy of co-operatives and is taking new action in this Budget to encourage their development.

Mr. Speaker, in sharp contrast to the lethargic Liberal years, we have placed strong emphasis on the development of northern Saskatchewan.

Substantial additional sums will be provided for this purpose in 1974-75.

We will undertake a new $2.2 million sewer and water program in the communities of La Loche, Cumberland House, Buffalo Narrows and Weyakwin.

We will build new airstrips and improve existing strips at various locations in the North. This program will be a boon to isolated and semi-isolated communities which have limited access to major centres. Further, the improved airstrips will accommodate large aircraft to be used in fire suppression. We estimate that this program will cost $900,000.

To improve ground transportation, a sum of $1.5 million is proposed to construct new roads and extend others.

Mr. Speaker, we expect the hard surfacing of Highway No.2 from Waskesiu to La Ronge to be completed during 1974.

This vital artery will provide dust-free, high-speed access to La Ronge - a necessity not only to move freight from the railhead at Prince Albert, but also to accommodate our growing tourist traffic. The road will be constructed to a high standard at a cost of approximately $6 million.

We will launch a number of significant improvements in northern communities, including fire halls, community halls and docking facilities.

For the construction and improvement of public camping and recreation sites we will spend about $150,000 - three times the level approved for 1973-74.

Weare allocating $1 million to enlarge and improve educational facilities in northern communities to bring them closer to southern standards.

Perhaps most significant, Mr. Speaker, we have budgeted funds to encourage northerners to develop viable business activities through a new Northern Economic Development program. This program will provide successful applicants with direct loans and/or the guarantee of loans in co-operation with existing financial institutions. A further sum of $500,000 will be provided as grants to assist northern residents to develop business enterprises.

To extend local government in the North, $850,000 will be allocated to the Northern Municipal Council. In the Council's first full year of operation, it will focus on local improvements within communities.

Grants to northern schools will be increased to nearly $3.9 million, an increase of $700,000 over 1973-74.

The community college in La Ronge will receive a grant of $200,000 to enable it to expand its program.

Mr. Speaker, these are only a few of the highlights of our northern program. I believe they clearly demonstrate our sincere determination to tackle the problems of the North head-on.

I should like now, Mr. Speaker, to tum to our proposals respecting transportation.

I have already dealt at some length with the importance we attach to improving transportation in the North. Last year, Mr. Speaker, our Government gave priority to repairing and up- grading sub-regional highways. Why did these roads need this kind of attention? Because the former government virtually ignored them while lavishing expenditures on four-lane highways. The emphasis on sub-regional routes must continue if we are to restore balance to our highway system. Next year, nearly $46.5 million will be spent for this purpose.

We will also continue to assist smaller centres to improve their streets. It is expected that $1.5 million will be spent in 1974-75. We will extend Operation Open Roads and Operation Mainstreet, and assist municipalities in improving access roads.

Mr. Speaker, we recognize the problem of urban transportation as well, and will take steps to help meet those problems. For fiscal 1974-75, this assistance to cities, towns and villages will total more than $3.6 million. I will have more to say about urban transit assistance in a few moments.

Mr. Speaker, during the coming year we will also increase our level of aid to rural municipalities for road building activity. The Main Farm Access Road program will be accelerated. An additional $2 million will enable rural municipalities to increase the rate of construction from 1,300 per annum to 1,850 miles per year.

A total of $500,000 will be allocated to a program of surfacing highway extensions.

Roads, of course, are only one component of a total system to meet the transportation needs of this province. Therefore, our Government will spend $150,000 to upgrade the standards of southern airport facilities.

Further, we will start an expanded bridge program during the coming year.

Mr. Speaker, I have outlined an ambitious transportation program. It will tax our private and public construction capacity to complete it in a single year.

Mr. Speaker, this Government recognizes the need to strike a balance between economic development and environmental protection. Weare committed to so guide the development of Saskatchewan that the quality of our soil, air and water is maintained.

We are currently conducting negotiations with the Government of Canada which we hope will lead to cost-sharing of the programs needed to revitalize the Qu'Appelle system for recreation, tourism and other uses.

In this Budget, we are providing funds to begin a major program to arrest deterioration of water quality in the Qu'Appelle system as recommended in the Qu'Appelle Basin Study. Once an agreement is signed with the Federal Government these funds will go into action. A special board will oversee a broad range of projects, including treatment works for municipal wastes and flood protection and water conveyance works. This board will also co-ordinate preparation of land use development plans, and properly planned recreation facilities and road systems.

The Department of the Environment will purchase a second mobile water testing laboratory, "Aqualab II", which will enable the department to provide better service to smaller communities with water sewage problems, and to improve the water quality monitoring network in the province.

Mr. Speaker, I have outlined a comprehensive group of programs to move Saskatchewan towards balanced economic development. Let me summarize:

- joint federal-provincial action to lay the groundwork for expansion of our steel, forest and mineral industries;

- a 46 per cent increase in the Department of Agriculture budget to strengthen and diversify the agricultural industry;

- new emphasis on tourism and historic sites;

- a 50 per cent increase in the budget for the Department of Industry and Commerce;

- more money for highway and airstrip improvement;

- a northern development package;

- provision for preserving and restoring the Qu'Appelle system.

These are not just dollars, Mr. Speaker, they are plans - tested and ready to go. They fit together in a balanced program which gives substance to our New Deal promise to develop this province - not for the benefit of non-resident stockholders - but for the people of Saskatchewan, now and in the future.

A promise made, Mr. Speaker, and a promise kept.

Mr. Speaker, I now approach my next announcement with great anticipation. It concerns all local governments, but particularly urban municipalities.

Our urban centres, like cities and towns everywhere, are facing serious difficulties. On the one hand, they face the problems of sharply rising costs, of increasing demand for better services, and of growing populations. On the other hand they have a limited tax base which is inadequate to the demands for better urban living in a pollution-free environment.]

Provincial aid to urban governments have been substantial. But it has been packaged for the most part conditionally - in ways which provide so much for this purpose and so much for that purpose.

Our Government believes that urban governments should have more assistance and we believe they should have a greater say in determining their own spending priorities.

Accordingly, Mr. Speaker, with this budget, we introduce a new era in provincial assistance to urban municipalities. Our proposal constitutes a major realignment of both the form and the amount of such assistance.

Firstly, an equalization grant program to urban municipalities will be established at a level of $4.3 million.

Grants under this program will be made on the basis of two yardsticks: (1) the community's ability to raise revenue, relative to the average per capita equalized assessment of cities, towns and villages throughout the Province; and (2) the level of costs incurred by the community for the provision of police services. This program will replace the existing $1.50 per capita police grant with a more sensitive cost-sharing formula which recognizes local problems of a special nature.

Secondly, an unconditional per capita grant of $10 will be made to all cities, towns and villages.

We believe, Mr. Speaker, these funds will be used to reduce the property tax burden and to lower municipal borrowing for capital projects. These new funds will also improve the ability of Saskatchewan communities to participate in provincial and federal cost-shared programs. A total of $6.1 million is provided for this purpose.

Third, as a means of directly assisting urban governments in the development of capital works, legislation will be introduced at this Session to establish a Community Capital Fund.

This fund, Mr. Speaker, will enable the provincial government, over a five-year period, to participate in the funding of municipal capital works as follows:

- for communities above a population of 500, payments at 60 per cent of the cost of projects, as outlined in a five-year capital works plan prepared by the community, to a maximum contribution of $75 per capita over the five-year life of the program.

Mr. Speaker, for communities below a population of 500, payments at 60 per cent of the cost of projects as detailed in an annual capital works plan, to a maximum contribution of $15 per capita annually.

Mr. Speaker, I want to stress that this assistance can be applied to any capital project a community considers desirable, subject to the preparation and approval of a community capital works plan. The level of funding assistance available will en- able a community, for example, to develop an urban park system, surface its streets, or create new recreational facilities.

Mr. Speaker, over the five- year period of the program a total of $45.75 million will be available will be available to urban governments to assist in the development of capital works.

Fourth, we will provide additional provincial support for the preparation of development plans for urban centres, together with funds to assist major urban areas in assessing their short and long term transportation requirements.

Finally, we will, this coming year launch a $1 million program of provincial assistance for urban transit.

Mr. Speaker, under this program, existing urban transit systems will be assisted in relation to costs associated with the operation, upgrading and expansion of those systems.

Mr. Speaker, regardless of the size of a centre, this comprehensive package of programs will enable local governments to undertake significant improvements in the quality of urban life.

In all, Mr. Speaker, this new urban assistance package will cost more than $100 million over the next five years. It presents a vivid contrast to the nickel and dime increases in funding provided to urban governments under the previous administration.

I have been speaking of cities, towns and villages, Mr. Speaker. But there will also be more help for rural municipalities.

Equalization grants to rural municipalities will rise to $3 million, an increase of 20 per cent over the current year. The largest part of this increase will go to municipalities which have a weakened revenue base.

In addition, the Municipal Road Assistance Authority will step up activity in the Main Farm Access Road Program and will launch a program to provide cost-sharing on the hard surfacing of market grid roads.

Mr. Speaker, our new urban assistance package represents an important milestone for our citizens. In the New Deal we promised to give substance to a better quality of life in centres small and large. We promised unconditional grants. We promised more local decision making.

We are delivering over $100 million in the next five years. Another promise kept, Mr. Speaker.

Let me now, Mr. Speaker, tum briefly to our plans for improving services to people.

We propose, a major innovation in the administration of justice in the Province: the Saskatchewan Legal Aid Plan. Equality before the law is a basic democratic right. Unfortunately this right is often denied the poor because they cannot afford legal services. The new Legal Aid Plan will make essential legal services available to those who need them when they need them. We expect the cost to be $1.1 million in 1974-75.

In 1973-74, the Attorney General entered into an agreement with various Indian and Metis Friendship Centres to provide for the establishment of a Court Worker Service. The purpose of the Court Worker is to bridge the differences in culture and language which create problems for Indians and others in our judicial system. This program will be fully operational in 1974-75.

Last year, Mr. Speaker, we introduced a Police Training program designed to promote a minimum standard of policing throughout the province. This program will continue in the year ahead.

Mr. Speaker, in 1974-75, the Department of Consumer Affairs will launch a program of education designed to create public awareness of the rights of consumers.

That awareness is growing. To meet a sharp increase in the problems confronting consumers in the market place this budget provides additional resources.

During the coming year, Mr. Speaker, we have assigned $4.7 million for cultural and youth activities within the province. One million dollars will be made available to continue the youth and student employment program, and $l.7 million for the Western Canada Games to be hosted in Saskatchewan in 1975.

Grants for a program which will provide a traveling showcase for the performing arts and enhance appreciation of Saskatchewan's cultural mosaic through the sponsorship of a multicultural festival and other events will be provided.

Mr. Speaker, I am particularly pleased to announce that the grant to the Saskatoon Centennial Auditorium will be increased to $125,000.

Mr. Speaker, I now turn to Education. This Government gives high priority to education. It is an opportunity that must be accessible to all residents, young or old, in every part of the province.

We recognized this in 1971, Mr. Speaker, when we pledged to expand educational opportunities to adults in both urban and rural areas. This we have done.

The Department of Continuing Education and the University have introduced programs which assist people to develop occupational skills as well as those designed to enable people to lead fuller, and more meaningful lives. Approximately $76.5 million is allocated for these programs in 1974-75.

Mr. Speaker, we are pleased to note that university enrolments appear to have stabilized. Indeed there are some indications of small increases over the next few years. Our government will provide an operating grant to the University of $44.75 million, which is $6 million more than last year - an increase, Mr. Speaker, of 15 per cent. While a good part of the increase will go towards meeting increased costs of existing programs, there will be funds for programs to meet new demands.

Mr. Speaker, may I say that I take a good deal of personal satisfaction from this very significant increase. Not only because we are all proud of our University but because I think we all realize the central and important role that universities can play in our society.

The capital grant to the University of $5.9 million for 1974-75 will be used primarily for renovations to existing facilities.

Mr. Speaker, I am pleased to announce that this year we will increase the non-repayable financial assistance under the Student Bursary Program by $500,000 to a total of $l.8 million.

This year at the Wascana Institute a Certified Dental Assistant Program will be offered. These graduates and those from the two-year dental nursing program, initiated in 1973, will provide many of the skilled personnel required for the new Denticare program.

Mr. Speaker, Community Colleges have been enthusiastically received by people in the pilot regions. Building on their success, we propose to establish four new Community Colleges during 1974-75.

I turn now, Mr. Speaker, to the elementary and secondary school system.

Operating grants to schools will be increased from $96.2 million in 1973-74 to $114 million in 1974-75.

Part, Mr. Speaker, of this substantial increase is designed to enable local boards to launch kindergarten programs commencing in the fall of 1974.

The opportunity to provide kindergarten expenence will now be universally available throughout the organized school system.

This attention to early childhood education is a significant addition to our system of educating our children.

Mr. Speaker, this government recognizes that good physical education is essential to the rounded development of our young people. Funds provided in this budget will help improve the quality of physical education programs throughout our schools.

We are providing the funds to extend Driver Education universally throughout our school system.

Mr. Speaker, the substantial increase in school grants will allow local school boards to finance recognized expenditures with no increase in property taxes. Once again we have met our commitment to hold the average mill rate for basic school purposes to 43 mills across the province.

This is the third successive budget in which our Government has provided 100 per cent of the increase in recognized school board expenditures. At the same time, new programs have been added. What a difference between this approach and the "war on education" waged by the Liberal party when it held office.

Mr. Speaker, I want to stress that the war is over and the people of Saskatchewan are the victors.

Mr. Speaker, New Democrats believe that housing is one of the critical issues of public policy. In 1971 we said that housing should be the centrepiece of an official overall social policy. We have moved to make it so.

Last year we established the Saskatchewan Housing Corporation. Since its formation, it has launched or expanded a variety of housing assistance programs, particularly programs to improve living accommodation for the aged and those of limited incomes. The Corporation will maintain a high level of activity in 1974-75.

During 1973, a total of 680 acres of land was assembled for current and future residential development; in 1974 an additional 1,150 acres will be acquired.

In 1973, the Housing Corporation provided sewer and water services to 348 residential building lots; the servicing target for 1974 is nearly five times that number - 1,650 lots.

Preliminary construction approval was given on 1,125 public housing units in 1973 at a cost of $16.9 million, of which the provincial share was $3.4 million. Some 1,500 units will be constructed in 1974 at a cost of $24 million, and a provincial input of $4 million.

Under the senior citizens home repair program, 5,862 projects were approved in 1973 at a cost of $2.4 million. A similar level of activity is anticipated in 1974.

In 1973, 1,765 house building assistance grants totalling $l.2 million were provided to persons of limited income for the purchase of new homes. In 1974, funds for this program will be increased by $500,000, providing an additional 1,000 grants and subsidies.

One million dollars will be made available in 1974-75 as the provincial share of the federal Neighborhood Improvement Program. Residential rehabilitation assistance will be avail- able to persons of low and moderate income within designated Neighborhood Improvement areas in cities and towns.

Mr. Speaker, Saskatchewan has been a leader in the delivery of health care programs for the last three decades. We intend to maintain that leadership.

In the New Deal for People we promised to launch an insured dental care service for children up to 12 years of age. The first phase of Denticare will start in September, 19/4, providing dental care services to all children six years of age. Denticare will be phased in over the next five years so that by 1978 all children between the ages of three and 12 will be covered.

Mr. Speaker, in this Budget additional funds are provided for out-patient treatment through home care programs, Community Health and Social Centres, and Nurse Practitioner demonstration projects. Out-patient services will provide health care at less than one-half the cost of in-patient facilities.

Our government continues to recognize the urgent heed for extended care for our senior and chronically disabled citizens. In the coming year, we will provide for an additional 28 Level IV beds in Moose Jaw and 88 Level IV beds in Saskatoon.

I think everyone is aware of our actions to stem drug abuse and control venereal disease. Information programs on these serious problems, recently expanded, will receive new impetus in 1974-75.

Mr. Speaker, of all our drug problems, alcohol is the most serious. I am pleased to announce that this budget provides more than $1 million in additional funds to attempt to reduce the social and individual damage related to alcohol use.

We intend to combat this problem in three ways: first, we will expand the existing programs of the Alcoholism Commission; second, we will introduce a public education program, new in both concept and magnitude; and third, we will establish a rehabilitation centre in northern Saskatchewan, where the problem is particularly acute.

Continued concern for highway safety has prompted us to establish four "Driving while Impaired" pilot programs to help rehabilitate the drinking driver. These will be developed by the Department of Education.

Mr. Speaker, we are taking steps to combat the problem of the unemployed and the unemployable. Through the Employment Support Program established in 1973, over 300 temporary jobs were created. Other individuals took advantage of the combined Social Services and Natural Resources Work Projects.

In 1974, the existing programs will be maintained and new programs initiated. Seasonal Employment Grants of $612,000 will create up to 200 more jobs.

Because of employment support programs and improved employment opportunities in the province, the caseload of the. Saskatchewan Assistance Plan has been dramatically reduced in 1973.

There were, Mr. Speaker, 2,231 fewer cases than in 1972 - a reduction of 10 per cent.

Mr. Speaker, let me turn now to day care briefly. The $2 million program will enable groups to provide both family and neighborhood day care homes. This should assist the operation of 4,500 day care spaces in the coming fiscal year. We estimate that the program will be fully operational in five years at an estimated annual cost of $6 million and will provide 13,500 spaces for children in day care centres. Mr. Speaker, this fulfils yet another pledge in the New Deal for People.

In 1974 there will be an increase of over $500,000 in grants for expanded community services. These grants will support the development of services primarily to promote the physical, mental and social well-being of our senior citizens.

In 1971 we promised to take steps to involve native organizations in setting programs which affect Indian and Metis people. This was not an idle promise, Mr. Speaker, two family service projects under provincial leadership will be established on the Poorman and Cote Indian Reserves in 1974.

Mr. Speaker, during the past year, subsidies were paid to residents of special care homes for the first time in our history. In the coming year, those subsidies will be substantially increased to offset the rapidly rising costs of operating the homes and to provide even better care for our senior and chronically disabled citizens.

These, Mr. Speaker, are some of the budgetary highlights of our new and expanded services to people in the coming fiscal year. Taken with our broad new moves in economic development and our unprecedented urban assistance package, I submit that this is the most significant budget to be presented to this House, at least in the past decade.

Mr. Speaker, there is yet more. But before turning to that I want to comment on the question of how a budget is translated into programs and benefits which serve the people of the province.

A budget expresses in financial terms the plans and programs of a government. But a budget does nothing by itself. It takes people - skilled people - to turn it into something real. We depend heavily on an able and dedicated public service.

This is something, Mr. Speaker, our friends opposite would never admit during their term of office. They decimated the public service. One need only look at the long list of former Saskatchewan Government employees now among the top civil servants in Ottawa and other provinces to confirm this statement.

I recall some of the budget speeches of the now Leader of the Opposition. Even they occasionally contained some good ideas. But very few of those ideas ever got off the ground. Why? Because that government wouldn't hire people with skills to turn dollars into useful programs. New programs and new directions require new people. For this and other reasons, this budget provides for an increase in public service staff.

Our plans for 1974-75 call for about 1,100 new positions, if you include 300 supernumeraries who were previously on a temporary basis and heretofore classified as temporary .employees. Of this total over 500 are for new programs, including 200 directly related to economic development and over 200 for Denticare.

As I previously stated, Mr. Speaker, we have brought into the public service a large group of temporary, contractual and supernumerary employees left out in the cold by the former government. Nearly 300 of these people had been held in a kind of 'full-time temporary' limbo, denied many normal benefits by their peculiar status.

These were the employees who reported to work every day but were not shown in the Estimates. They were not given the right to participate in pension or insurance plans. Some of them had no claim to sick leave or vacation leave. We believe this was a deceptive practice. Therefore, we are bringing these *1\* employees into the permanent service and we are showing them in the printed record as employees for the first time.

Mr. Speaker, the remaining new positions are required to carry out programs which were launched or expanded during the last two years and which are proving to be successful. We believe the vast majority of Saskatchewan people will welcome our proposals and share our pride in this budget. We are in earnest, Mr. Speaker, we intend to see that we have capable staff to put into action the far-reaching proposals which I am placing before you today.

Mr. Speaker, I said there was more and there is more.

I am pleased to announce that in the coming year we will launch a new multimillion dollar family income program to supplement the incomes of those families who are hardest hit by the increased cost of living, working families in the lower in- come bracket.

The family income program will provide substantial monthly payments to Saskatchewan families depending on the number of children. Size of the .payments will depend on family income, with the largest benefits going to those at the low end of the scale. As the family's income rises, payments will be reduced.

Families on Social Assistance will be eligible for family income payments, but their Social Assistance Allowances will be reduced accordingly. They will receive no net increase in total income.

Mr. Speaker, this program will be a major benefit to low income working families. It will go a long way to overcoming the problems of raising a family for those not fortunate enough to have a high paying job. It will give these people a chance to break out of the recurring cycle or poverty and at the same time will provide an incentive to work rather than receiving Saskatchewan Assistance payments.

Later in this Session, Mr. Speaker, the details of the program will be announced by the Minister of Social Services. When you hear them, I think you will agree that the government which first introduced Medicare has again established itself as the leader in Canadian social policy.

I wish now to comment on the Federal Government's decision to index our personal income tax system. Indexing is a system which applies changes in the cost of living index to the exemptions and tax brackets under the personal income tax. As the cost of living rises, the exemptions and tax brackets go up.

Let me make it absolutely clear that our Government would enthusiastically support a system which fairly compensated tax- payers for inflationary changes. However, this should be done through a system of tax credits, not by raising the exemptions and tax brackets. A tax credit would apply a fixed reduction against tax due whether the tax itself was high or low. It would give maximum benefit to those on low and middle income brackets.

Increasing the exemptions works in quite the opposite way. The higher the income, the higher the marginal tax rate, and the greater the dollar benefit to the taxpayer. Indexing exemptions is a regressive tax adjustment and we oppose it on those grounds. Incidentally I might say that every province in Canada with the exception of Quebec, which is not in the federal-provincial agreement, also opposed it when we attended a Finance Ministers' meeting recently in Ottawa. Indexing was imposed without warning on all the provinces whose income taxes are collected under the federal-provincial agreement. We deplore this lack of consultation. We believe such action is contrary to the spirit of federal-provincial co-operation.

The indexing of personal income tax will reduce Saskatchewan's revenues by $6.3 million in 1974. In 1975 our revenue loss will be $13.1 million or about 9 per cent of all revenues from that source.

The Revenue Guarantee provision of The Fiscal Arrangements Act was designed to protect the provinces from any losses from tax reform in 1972. Indexing, in the long run, represents a far more significant loss of revenues, but now we are told that we will not be compensated under that arrangement.

In our view the Federal Government has acted arbitrarily and unilaterally. It has applied the wrong remedy and has deprived the provinces of much needed revenue without compensation.

Further evidence of arbitrary action is apparent in the federal challenge to the constitutional right of the provinces to control their own resources.

Earlier in this Session, our Government acted through The Oil and Gas Conservation Stabilization and Development Act to take effective control of the province's oil resources and capture for the people of Saskatchewan future windfall profits from oil.

Mr. Speaker, at the meeting of First Ministers on energy in January, Premier Blakeney ably championed Saskatchewan's cause. Clearly, Mr. Speaker, he came first in that meeting.

He took and held the position that the control and development of our resources and the revenues that flow from them belong to this Province. He was instrumental in turning aside the federal proposal. This proposal like so many other federal policies past and present, would have required the people of Saskatchewan to-forego their right to oil revenues and would have denied us constitutional jurisdiction over our own resources.

We have urged that if there is to be a national energy policy it must be placed within the context of a new national development policy - one which equalizes economic opportunities across this nation. If, as part of this national development policy the domestic price of crude oil is to be held below its international value, we contend that the cost of this subsidy to consumers should be paid for by all Canadians on an equalized basis.

Certainly, Mr. Speaker, the people of Saskatchewan should not be asked to subsidize industry and consumers in Central Canada, for example, while their taxpayers get off scot-free. This new national development policy will require a serious commitment on the part of the Federal Authority to change its policies on agriculture, transportation and industrial development. I submit, Mr. Speaker, this is the only reasonable basis for federal-provincial discussions in the months to come.

Mr. Speaker, I am pleased to announce that in the coming year our Government will not increase any major provincial tax.

As I have already announced the municipalities of the province should be able to reduce their current property tax rates because of our much expanded urban assistance program.

Let me refer briefly to the new basis of premium coverage under AAIA, the compulsory automobile accident insurance plan. The details of this plan were announced earlier by the Minister in charge of the Saskatchewan Government Insurance office, the Hon. Roy Romanow. As he reported to you, insurance costs for motor vehicles in Saskatchewan have increased dramatically. When this happens, premiums must go up. And we have raised premiums - but I submit, Mr. Speaker, in a much more equitable way.

We have kept the normal licence plate premiums at or below last year's levels for nearly every kind of vehicle. The increase in premiums is being achieved by allocating three cents per gallon of the gasoline and diesel fuel taxes to the Automobile Accident Insurance Fund. Thus, the increase is being assessed against drivers in direct proportion to the miles each one drives. The driver who pays the larger share is the one who drives more and is therefore exposed to greater risks.

I know, Mr. Speaker, the Opposition isn't in favor of this, they call it a subsidy, three cents out of the last four pennies which they put on the gasoline tax when they were in power.

Mr. Speaker, there are a number of other changes in the insurance plan. I shall refer only to one - removal of the surcharge on drivers' licences for those under age 25. It is highly irrational, Mr. Speaker, in our view to levy a surcharge on a person simply because of that person's age. This is to be replaced by a greater emphasis on the system of surcharges on the licences of all drivers who are assessed points following traffic convictions. The removal of the surcharge and the shifting of a portion of the premium coverage to the gas tax were both promised, Mr. Speaker, in the New Deal for People.

Our overriding objective in the area of tax policy has been and will continue to be taxation according to the ability to pay. Our actions and accomplishments over the past two and one-half years clearly have moved us a long distance toward that goal.

In 1973 this Government increased the tax rate on our most progressive tax base - the personal income tax - by three per cent, and on the corporate income tax by one per cent. This made it possible for us in effect to reduce property tax through the Property Improvement Grant. Mr. Speaker, I am pleased to announce the benefits to property owners under our Property Improvement Grant will be increased in 1974 to an amount equivalent to a 20 mill tax reduction.

This represents an increase of 2 mills over the 18 mill equivalent established in 1973, an increase which takes us one step beyond the commitment we made in the New Deal for People.

The maximum grants applicable under the 20 mill level are as follows: For farmers $300, an increase of $30; for the businessman $200, an increase of $20; for the householder $160, an increase of $16 over 1973.

The maximum grant payable to an individual under any combination of these grants will be increased from $270 to $300.

I have described the elements of this Government's plan to assist municipalities in the financing of their important expenditure responsibilities. This $21 million a year assistance plan, which includes the equalization and unconditional per capita grants along with the five year Community Capital Fund," will provide municipalities with revenues equivalent to approximately 20 mills.

Mr. Speaker, we expect that where municipalities find this large revenue increase to be more than they need, they will reduce local property taxes.

In 1971 this Government eliminated medical and hospital premiums for Saskatchewan residents who were over 65 or who were on Social Assistance. In line with our commitment to the principle of ability to pay, we completely removed this regressive tax for all Saskatchewan residents on January 1, 1974.

Mr. Speaker, let me illustrate by example what has happened since 1971. Here I will include all changes, both federal and provincial, in the provincial personal income tax since 19/1, combined with the elimination of medical and hospital premiums, the establishment of the Property Improvement Grant, and the effective property tax reduction made possible by the unconditional per capita grant to municipalities.

A householder with two children under 16 and earning $4,000 per year will pay $25l.54 less III provincial taxes in 1974 than he did in 1971.

This represents a 6.3 increase in disposable income. For a farmer at the same level, the reduction in taxes is $345.52. The tax reduction for a householder earning $10,000 is $217.20 and for a farmer, $311.18.

Above the $10,000 income level the tax reduction grows in dollar amount because of the regressive effects of tax reform and indexing at the federal level. In terms of the tax policies which the Saskatchewan Government has pursued, the effects have been both substantial and progressive.

Responsibility for regressive tax changes that have been brought into our tax system since 1971 clearly rests with the Federal Government.

The total shift of taxes that this Government has instituted since 1971 has been an increase of some $12 million in progressive personal and corporate income taxes and a decrease, Mr. Speaker, I hope Members of the House will pay particular attention to this, a decrease of $4l.6 million in regressive property taxes and health premiums.

This, Mr. Speaker, clearly is application of the ability to pay principle.

Our forecasts for revenues in the next fiscal year have assumed the continued improvement of general economic conditions in this province. Increases in realized net farm income will help maintain the growth experienced in the current fiscal year.

Receipts from the education and health tax are expected to reflect the continued growth in retail sales. We anticipate the education and health tax revenues will reach $107.3 million in 1974-75. Gasoline taxes are expected to reach $62.5 in the next fiscal year. Revenues from the mineral tax are expected to yield $9 million. The increase over the current year's estimate to $6.2 million is due in part to the increase in the mineral acreage tax. Individual income taxes are expected to yield $140.5 million while corporate income taxes are expected to produce $31.6 million. The mineral income tax and the royalty surcharge are further examples of our pledge to obtain a fair share of the profits from resource production for the people of Saskatchewan. These measures ensure that windfall profits from high oil prices will accrue to the owners of the resource, the people of this province.

Mr. Speaker, any funds arising out of these measures will be set aside in The Oil and Gas Stabilization and Development Fund.

The forecast of greater revenues for petroleum and natural gas reflect increases in oil and gas royalties. These are based on the increased value of production which has occurred since the last budget and without reference -to The Oil and Gas Conservation, Stabilization and Development Act of December, 1973.

In a further measure to obtain greater returns from re- source production for the people of Saskatchewan, the potash pro-rationing fee was raised. Increases in potash production, coupled with higher fees, are expected to return $16.1 million to the people of Saskatchewan from this non-renewable resource. That compares with $7.4 million one year ago.

It is estimated that receipts from equalization will reach $153.9 million in 1974-75.

Hon. Members, Mr. Speaker, will note that an additional revenue source has been added under the Federal-Provincial Fiscal Arrangements Act. The Revenue Guarantee is £ federal payment to the province as compensation for the revenue lost due to changes in the tax system in 1972. $3.6 million is an estimate of our entitlement with respect to personal income taxes. We may expect a further estimate in respect of corporate income taxes.

Mr. Speaker, the Government has decided not to take a dividend from the Saskatchewan Power Corporation in the next fiscal year. These earnings will remain in the corporation for its own use. Receipts from Government enterprises including the Saskatchewan Liquor Board and SaskTel are expected to reach $53.1 million.

Mr. Speaker, I will now briefly summarize our fiscal position for 1974-75.

Cash inflows are estimated to amount to $901 million. Cash outflows or budgetary expenditures are expected to reach $898.8 million. This will leave an estimated $2.2 million to be added to the cumulative cash carry-forward since the start of our fiscal period. At the end of 1974-75, the cumulative cash carry-forward will probably reach $48 million.

Mr. Speaker, at the outset today I said I was proud and honored to present this Budget to you and to Members of this Assembly. Perhaps any freshman Minister of Finance could be expected to say something similar on the occasion of his first Budget speech. But I say to you, Sir, were I the most grizzled and jaded of veterans in this post, the opportunity to present these budgetary proposals in Saskatchewan in 1974 would fill me with a sense of pride because, Mr. Speaker, it is a Budget of fulfilment. Further, Mr. Speaker, I submit that this is an historic Budget. In its new directions are the seeds from which will grow: a stronger and more diversified economy; a greater measure of control by Saskatchewan people over their own future; a narrowing of the gap between the rich and the poor a better and more satisfying quality of life for all Saskatchewan citizens.

I am proud, Mr. Speaker, that this Budget virtually completes ahead of time, our election commitments made in the New Deal for People. Looking to the future, this Budget puts financial muscle into a whole series of realistic opportunities for development in Saskatchewan, from iron and steel to tourism.

In narrowing the gap between rich and poor, let me mention three items among many: the family income program; Denticare for children, as a right; taxation according to ability to pay.

In terms of quality of life, Mr. Speaker, what other Budget in your long experience matches the proposals laid out today, ranging from the urban assistance package, to new cultural, recreational and educational opportunities, to environmental protection?

This is a balanced Budget in the important sense, Mr. Speaker. It is a charter for the balanced development of Saskatchewan and its people, now and in the years ahead.

I move that this Assembly do now resolve itself into the Committee of Finance.