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| ***Province*** | ***Législature*** | ***Session*** | ***Type de discours*** | ***Date du discours*** | ***Locuteur*** | ***Fonction du locuteur*** | ***Parti politique*** |
| Saskatchewan | 18e | 3e | Discours sur le budget | 10 Mars 1977 | Walter Edmund Smishek | Ministre des Finances | Saskatchewan New Democratic Party |

Before I begin the Budget Address I should like to extend my welcome and congratulations to the newly elected Members to the Legislature, the Hon. Member for Saskatoon Sutherland (Mr. H. Lane) and the Hon. Member for Prince AlbertDuck Lake (Mr. Wipf). May I express the hope that their short two year stay in this Legislature will be a pleasant experience which they will always remember. If I were to give them any advice, it would be the advice I received some years ago from a close friend of mine, who served this province very well as a Member of the Legislature and as a Minister of the Crown for many years. He is here with us today.

He said that what he looked for in a politician was a person with honesty, integrity and ability. I believe those are good qualifications for public office. If there is one additional phrase I could use, it is the need to have a bit of modesty as well. I have one deep regret to express before my address this afternoon and that is that a dear friend of ours, a close colleague of ours, the late Mr. Leonard Larson, is not here with us today. I express my deepest regrets and condolences to his dear wife and his family.

Mr. Speaker, it gives me a great deal of pleasure to rise to present to you and to Members of this House the sixth budget of the New Democratic Government. While this Budget contains measures to maintain the pace of social and economic development in Saskatchewan, I am aware that the past five years have provided a tough act to follow.

Since 1972, we have seen unprecedented growth and diversification of our economy. At the same time we have seen a host of improvements in programs for people. Let me review just a few of those accomplishments.

Education has been a significant priority of this Government. In 1970-71, grants to local school boards provided only 47 per cent of the cost of elementary and secondary education in this province. By last year, 58 per cent of these costs were borne directly by the Provincial Government. Including the Property Improvement Grant over 72 per cent of total costs were provided by the province. This eased the burden on local ratepayers significantly. At the same time we were able to add significant improvements to our total education system, Mr. Speaker. Province wide kindergartens were funded; a community college system was developed, and increased capital and operating support was provided to our universities.

The Department of Northern Saskatchewan was created. In the past four years it has provided educational facilities, roads, housing, sewer and water, recreational facilities, support for local government and programs for social development which have improved living conditions from the 19th century levels to a modern standard enjoyed by most other residents of Saskatchewan.

Senior citizens have had services made available to them in a variety of areas:

* Income support through the Senior citizens' Income Plan;
* Housing programs from the Saskatchewan Housing Corporation;
* The establishment of community services and Senior Citizens' Centres;
* Specialized health programs and the abolition of deterrent fees and health care premiums;
* Subsidies to Level II and Level III patients in Special Care Homes;
* The formation of a Senior Citizens' Advisory Council to make government aware of the needs of senior citizens in our province.

We established the Saskatchewan Housing Corporation to provide access to housing for low and middle income people. Programs such as land assembly, co-operative building assistance and the rehabilitation of existing housing stock have provided significant benefit to persons requiring housing.

Mr. Speaker, six years ago local governments received only $1.2 million from the province to pay for essential local services. Three years ago we introduced the urban package, a collection of grants containing capital and operating funds to cover a variety of services. The Community Capital Fund, grants for police services, equalization grants and unconditional operating grants formed the backbone of this package which provided $34 million last year, Mr. Speaker.

An overall increase of 2700 per cent since 1971.

We have taken positive action to safeguard the basic rights of individuals, Mr. Speaker :

* Legal aid to ensure equality of treatment before the law;
* A Department of Consumer Affairs to provide consumer protection;
* An Ombudsman to provide for the rights of citizens when dealing with their governments;
* The Women's Division and the Career Development Office designed to protect and advance the position of women in the work place;
* The Human Rights Commission to reduce discrimination of all kinds.

And there were other accomplishments over the last five years, Mr. Speaker.

In Agriculture:

* The Land Bank Program to provide land to new farmers; FarmStart to provide loans and grants to livestock operators;
* The Hog Stabilization Program to provide payments to hog producers;
* The Cow-Calf Advance Program and a Beef Industry Assistance Program to assist livestock producers.

In Transportation:

* Operation Open Roads and Operation Main Street to provide dust-free access in rural Saskatchewan;
* Completion of the market grid road system;
* Acceleration of the main farm access road system;
* The start of the Super Grid Program; and
* The Highways Budget which has grown, Mr. Speaker, from $63 million in 1970-71 to $129 million in the current year and rising to almost $143 million next year.

The list goes on and on; innovations in Culture and Youth; Environment; in Occupational Health; in services to the disadvantaged or the handicapped and in Tourism and Renewable Resources. This list is long and the list is impressive, Mr. Speaker. These are services provided to the people of Saskatchewan by a government that is serious about fulfilling its commitments.

Mr. Speaker, the quality of health care has always been of paramount importance to this Government. This deserves special attention in view of the misrepresentations that have been made by the Opposition Parties about the quality and the level of health care in Saskatchewan.

Mr. Speaker, let me review the facts.

When we took office in 1971, we inherited a health system that had been neglected for seven long years. Deterrent charges had been imposed. Small hospitals had been shut down. The large city hospitals needed major renovations.

Mr. Speaker, this Government set out to re-establish the finest possible health service, at the most reasonable cost to the people of Saskatchewan. We immediately removed deterrent fees. We removed premiums, first of all from senior citizens and then from the rest of the population.

We undertook major hospital building programs in Regina, Saskatoon, North Battleford and other smaller centres, Mr. Speaker. This commitment to health services has required a massive increase in the Budget.

Expenditures on hospital and related services have risen from $94 million in 1970-71 to more than $280 million budgeted for 1977-78 an increase of 197 per cent. The cost of medical services have grown from $28 million to $75 million, an increase of 168 per cent. Total spending on regional and preventive services has grown from $5.3 million to $13.3 million, an increase of 150 per cent.

Since 1971 we have followed a systematic program of upgrading our hospital facilities. Provincial contributions to hospital related construction during these six years has totalled $55 millions of dollars.

During the past 18 months, new hospitals have been opened or completed in Lestock, Elrose, Biggar, Climax and Lampman. A major extension and renovation project was completed in Balcarres. Other projects are on the drawing board.

We are proud of our record of opening new hospitals in rural Saskatchewan, Mr. Speaker.

Our record stands in stark contrast to that of the former administration which closed a total of eleven rural hospitals in one fell swoop, Mr. Speaker.

Next year's figure includes over $16 million for an expansion project at the University Hospital, which will cost a total of $41 million on completion in 1978. Over $3 million to begin the Regina hospitals regeneration project, which is expected to cost $66 million over the next ten year construction period.

Furthermore, Mr. Speaker, $29.4 million has been budgeted in 1977-78 for four major programs which did not exist under the previous government. The Saskatchewan Hearing Aid Plan, Saskatchewan Aids to Independent Living, the Saskatchewan Dental Plan and the Prescription Drug Plan are vital elements in the Saskatchewan tradition of innovative health programming.

Mr. Speaker, the Opposition has referred to these programs as frills, healthy teeth for children; assistance to senior citizens to defray the cost of drugs; hearing aids at reasonable costs; prosthetic devices for the handicapped. Where are the frills, Mr. Speaker? Let them speak up! To which of these programs would the Opposition Parties put the axe, Mr. Speaker?

The gross expenditure of the Department of Health and the associated commissions have risen from $137 million in 1970-71 to more than $403 million in the current budget, Mr. Speaker, a rise of 194 per cent in just seven short years, Mr. Speaker.

The increase in 1977-78 alone is more than $65 million or 19.5 per cent, Mr. Speaker. That, Mr. Speaker, is solid evidence of our commitment to provide a health service in which every Saskatchewan resident can take pride.

Mr. Speaker, compare this commitment of responsible approach to health care with the drastic measures taken by other governments.

In 1976, British Columbia attempted to hold hospital budgets to an 8.5 per cent increase and health insurance premiums were raised in British Columbia by 50 per cent to $225 annually per family. Alberta, Mr. Speaker, imposed an 11 per cent maximum increase and limiting the increase to 7.5 per cent only in 1977 and will soon increase the premiums to $169, Mr. Speaker. Let us take a look at Ontario, rich Ontario, which charges a health premium of $384 annually per family and has attempted to limit hospital budgets to a ten per cent increase and occupied beds to four per thousand population, Mr. Speaker. It has attempted to eliminate 4,500 jobs through bed reductions and the closure of 12 major hospitals, Mr. Speaker.

Mr. Speaker, the Tories talk about making our hospitals "more efficient". What does that mean, Mr. Speaker? Examples learned from Tory Ontario or Tory Alberta? Or is it based on suggestions made by their federal counterparts? Does it mean deterrent fees, closing hospital beds or simply cutting back the wages paid to hospital workers, Mr. Speaker? It most certainly does not mean better health care for the people of Saskatchewan.

Mr. speaker, in Saskatchewan we do not intend to close hospitals. We do not intend to place arbitrary, unrealistic limits on funds available to the health sector. Saskatchewan has more hospital beds available per capita than any other province. Certainly, we scrutinize all hospital expenditures closely. We review regularly the hospital requirements of all Saskatchewan and communities so that the number and distribution of beds will remain appropriate for the community needs. I think that is expected of us, Mr. Speaker.

We are prepared to make changes in the health system to ensure that it remains efficient, effective and responsive to the needs of the people of Saskatchewan. By any index of the quality and availability of health services, Mr. Speaker, Saskatchewan stands in the front line.

Mr. Speaker, I have described five years of great achievement. This Government is proud of Saskatchewan and we think Saskatchewan is a good place in which to live. We are confident that Saskatchewan today compares favorably with any province or jurisdiction in North America. We invite comparison. This is true in health, in education, in housing, services for older people, agriculture, automobile insurance, recreation and many other areas. Mr. Speaker, the programs which I will announce today reaffirm our confidence in the ability of this province and its people to continue this progress.

Mr. Speaker, in 1974 we introduced the Community Capital Fund to assist Saskatchewan communities to develop capital facilities.

Some months ago my colleague, the Minister of Culture and Youth, announced a new four year Capital Grant Program to assist communities to meet their need for cultural and recreational facilities. This program reaffirms our commitment to combine provincial financial support with local decision making in revitalizing our communities. In 1977-78, Mr. Speaker, we will make available $4 million under this program.

For individual communities, the basic formula will provide $25 per capita. If communities co-operate with each other in the construction of common facilities, a bonus of $5 per capita will be provided. This could mean $30 for every resident of communities that work together in providing recreation or cultural facilities.

To offset wide seasonal fluctuations which occur in the construction industry and in employment, we have incorporated special incentives in the program to encourage construction of these projects during the winter months.

Mr. Speaker, in 1977 there will be a major expansion of home care services in Saskatchewan.

We will combine services currently offered by the Departments of Health and Social Services into one program.

This program will provide home nursing care, homemaking and other services to permit a realistic alternative to institutional care for the disabled, the handicapped, the elderly, and the chronically ill.

While complete implementation of this program will require several years, funds committed to home care in 1977-78 will increase by nearly 50 per cent to $6.3 million.

Mr. Speaker, safety on our streets and highways is a matter of vital concern to this Government. The statistical story is appalling.

In the past ten years, more than 2,500 dead and 82,000 injured as a result of traffic accidents. In 1975 alone - 286 people were killed and died in Saskatchewan traffic accidents. Direct costs in 1975, more than $75 million.

The indirect costs in terms of sorrow and suffering are immeasurable.

Four years ago, Mr. Speaker, the Legislature appointed a special committee to study all aspects of traffic safety problems.

Many of its recommendations are included in the Safety '77 program, directed at reducing the accident rate in Saskatchewan. In this Budget, $3.3 million has been provided for safety programs, including $2 million for Safety '77.

What are the key features of this program?

* An intensive education program to increase public awareness of the needs for traffic safety.
* Involvement of local communities in developing safety projects.
* A school safety program.
* A training course for truckers.
* A vehicle inspection program.
* $600,000 for programs directed at the problem of the drinking driver.
* More than $200,000 for a traffic safety court in Regina, a two year pilot project experimenting with the new methods of dealing with the traffic offenders.
* $200,000 for shared-cost programs with local governments for accident counter-measures on municipal roads.

The funds for Safety '77 are in addition to the $1.3 million which is already being spent on safety measures through the Department of Highways and Transportation.

Mr. Speaker, we think that Safety '77 will contribute greatly to the traffic safety in this province. But to make it work, to make our streets and highways safer for everyone, we need the co-operation of every citizen in the province, Mr. Speaker.

Mr. Speaker, last fall when livestock prices did not recover as anticipated, the Beef Industry Assistance Program provided over $31.5 million in grants to 26,000 cow-calf producers. In addition, cash advances totalling nearly $54 million were made available to livestock farmers.

It is clear, Mr. Speaker, that when our livestock producers experience difficulties, this Government of Saskatchewan stands ready to provide assistance.

To keep pace with changes in the agricultural economy over the last several years, we have adjusted the eligibility criteria for FarmStart and the Land Bank. This will ensure that those farmers who are in need of services of these two programs, will be eligible for them.

FarmStart is continuing to provide assistance to farmers to expand into livestock sectors. And, Mr. Speaker, even with the past downturn in livestock prices, FarmStart has had remarkably few failures.

I particularly invite the Opposition to listen to this.

Mr. Speaker, as of January I, 1978 those persons who have leased land from the Land Bank since January I, 1973, will have the opportunity to purchase the land.

Mr. Speaker, to ensure that every acre of agricultural land remains productive, over $1.5 million will be provided for flood control and drainage programs. This includes over $200,000 to alleviate flood problems in small urban communities.

In addition, we will undertake a number of new initiatives:

A forage Insurance Pilot Program will be developed to assist livestock producers in the event of poor forage crops;

A Dairy Herd Health Program will be implemented to assist young dairy producers;

Continued assistance will be provided to seed cleaning co-operatives for construction and upgrading projects.

Mr. Speaker, in 1976, housing was created at record levels in Saskatchewan.

Although we expect some slowdown in 1977, we are determined to continue the development of an adequate housing supply together with the stimulation of employment in the Saskatchewan construction industry.

Housing is more than just an economic indicator, it is an essential public good. Housing should be made available to everyone at a reasonable price.

The Saskatchewan Housing Corporation has played a major role to make sure that housing is made available to people whose needs would not be met through the normal housing markets.

In 1977-78 the budget of the Housing Corporation will be increased substantially to meet this objective.

We will expand the building co-operative program from 350 to 700 units.

To improve the rental situation, we recently introduced a program which provides loans for construction of non-profit, moderately priced rental accommodation. In 1977-78, financing will be available for the construction of additional rental units.

The Rural and Native Housing Program will provide accommodation for 400 low income and native families in rural centres, Mr. Speaker.

We will expand the Public Rental Housing Program by 25 per cent to 1,500 units, a significant portion of which will be allocated to the senior citizens.

Mr. Speaker, in the coming year the Provincial Government will undertake discussions with local governments to design a revenue sharing plan to assist municipalities in maintaining an adequate revenue base for future years. This will represent a major innovation in municipal financing in Saskatchewan.

Meanwhile, to assist local governments in their contacts with the province, the Department of Municipal Affairs has been reorganized.

The Rural Affairs Division will combine the activities of the Municipal Road Assistance Authority with rural services currently administered by Municipal Affairs. The establishment of a separate rural division will enable the Government to focus directly on the needs and aspirations of rural residents.

In recognition of the development pressures in urban centres, an Urban Affairs Division has been established. This Division will assist urban municipalities in the design, co-ordination and implementation of new development, Mr. Speaker.

In 1977-78 we will increase the major grants to municipalities once again. Rural municipalities will receive additional grants for road construction.

Mr. Speaker, the prevention of crime in Saskatchewan is of increasing concern to all levels of government. We recognize that municipalities face rapidly rising police costs. In 1977-78 police grants will total $6.7 million, a 50 per cent increase over the previous allotment.

This level of municipal funding will assist municipalities to maintain sufficient resources for crime prevention, Mr. Speaker.

We will increase unconditional grants to urban municipalities to $22 per capita, ten per cent above last year's level,

This will ensure greater flexibility for local governments in meeting rising costs and demands for services.

In 1977-78, the Property Improvement Grant will provide more than $45 million in grants to local taxpayers, double the amount provided five years ago when the program was introduced. In 1977 the average grant will be in excess of $180. This program offers significant tax relief to local taxpayers through the province.

We will provide grants under the Neighborhood Improvement Program to $2 million to assist municipalities in community revitalization.

With the recent approval of nine additional locations, the program now includes 38 projects with a total provincial commitment of $5 million. The Neighborhood Improvement Program provides an ideal opportunity for citizen involvement in the renovation of older urban neighborhoods.

Mr. Speaker, in the past six years we have taken positive action to develop and implement social and economic programs to meet the needs of the people in the northern part of the province.

This Budget continues that process, Mr. Speaker. We will provide over $8.5 million in grants to schools, up $2 million from the current year. We have provided over $4.5 million in the capital project to upgrade educational facilities.

We will expand the Municipal Services Program to emphasize the development of local government, Mr. Speaker.

We will provide $600,000 for the first phases of a program to develop recreational facilities in northern communities.

We will allocate funds to continue sewer and water services installations in Green Lake and La Ronge and Ile-a-La Crosse and the start that they made on the system for Beauval.

Mr. Speaker, the success of our economic development and capital works programs in northern Saskatchewan is reflected in the requirements under the Saskatchewan Assistance Plan which are down $1.5 million from the 1973-74 expenditures.

Mr. Speaker, I am pleased to announce that 1977-78 will see the establishment of a three year Unified Family Court pilot project which will lay the ground work for a broad program to deal with families in crises. This Government recognizes that the setting in which crimes are punished and civil disputes resolved is not the setting in which people should have to deal with family problems. This project will create a more humane environment which will help families find solutions to their problems. It will assist people to make use of provincial agencies which provide counselling and other services to families and individuals in difficult circumstances. Details of this project are currently under discussion with the Federal Government.

Mr. Speaker, this Government has consistently demonstrated its support for working people.

Since 1971, the average weekly industrial wage paid in the province has increased by 84 per cent, from $122 to $226. At the same time we have raised the minimum wage from $1.50 to $3.00, an increase of 100 per cent, the highest minimum wage in Canada.

We have developed a sound and progressive body of labour legislation of which we are proud.

We have instituted the most comprehensive occupational health and safety program in Canada.

This commitment to working people includes those who have been injured at work: our Worker's Compensation scheme is one of the best in Canada. However, pensions for injured workers must be increased periodically to adjust for inflation.

Mr. Speaker, my colleague, the Minister of Labour (Mr. Snyder) introduced amendments to The Labour Standards Act during the fall sitting of the Legislature. During the spring portion, he will be introducing legislation to increase pensions for disabled workers and their dependents.

Mr. Speaker, I have already indicated our plans to continue support for health care, to continue the pattern of improvement in the programs established over the last five years, and the funding which will be provided for some new initiatives in 1977-78.

While we will attempt, through increased productivity to restrain the costs of those programs which we administer directly, we will not default on our commitment to maintain the current high standards of programs which are provided by local governments, school boards and others who rely on the Provincial Government for support.

In this Budget there is a minimum increase of ten per cent in funding for these essential service areas. This is a higher rate of increase than that applied to our total spending program for 1977-78, even including the new programs we propose to introduce.

Mr. Speaker, let me review the list. Operating grants to schools up ten per cent; operating grant to universities up ten per cent; operating grants to regional and municipal libraries up ten per cent; unconditional grants to urban municipalities will be up ten per cent; equalization grants to local governments will be up by 11 per cent; grants for rural road construction and maintenance up by over 11 per cent; grants to the Saskatchewan Arts Board up by ten per cent; grants to Western Development Museum up ten per cent; subsidies to residents of special care homes up by ten per cent; grants to native groups, Mr. Speaker, will be up by 12 per cent.

Mr. Speaker, we are confident that the people of Saskatchewan support our dedication to these important programs and that fair and even treatment has been provided to those agencies which directly provide them. To do less, Mr. Speaker, to hold these grants to low levels, would be an abdication of the province's responsibility.

Mr. Speaker, I mentioned that the past five years have been years of great achievement in Saskatchewan. While providing important new services and programs we recognize the importance of balancing our budget over the long haul, of making sure that over an extended economic cycle our expenditures do not outstrip our revenues. That is why in 1973 we began to set money aside in a cash carry forward. In 1973 we set aside nearly $31 million; in 1974, $34.5 million; in 1975, $23.3 million; and last year nearly $24 million. These reserves, built up while the economy was strong, have provided us with a cushion of over $100 million as a buffer in case of an economic slowdown. Indeed you will see that despite falling grain prices, 1976 was a pretty good year all around, and we are still optimistic about the future.

Mr. Speaker, compared to the national economy, the Saskatchewan economy performed very well in overall terms.

Mr. Speaker, in 1976 our Gross Domestic Product rose to $7.2 billion, almost 15 per cent above the previous high record year of 1975.

Employment growth in 1976 nearly matched the record increases of 1975.

The expansion in employment continued to attract new residents to Saskatchewan, bringing the province's population to 942,000 by year end, 13,000 higher than a year earlier.

Of course, 1976 was not without some problems, Mr. Speaker.

In 1976, Saskatchewan farmers produced the largest grain crop in the province's history. However, bumper crops in other grain producing countries lowered prices early in the crop year.

As a result, farm cash receipts declined to $2.26 billion in 1976, still high by historic standards, but down 8.4 per cent from the record achieved in 1975. In addition, higher farm costs caused realized net farm incomes to decline 25 per cent in 1976.

However, the financial position of Saskatchewan farmers remains strong. In 1976, Saskatchewan farmers deferred approximately $375 million of grain receipts into the 1977 calendar year.

Growth in other sectors of the Saskatchewan economy more than offset the declines in agriculture. As a result, personal income increased by almost ten per cent.

Retail sales remained strong in 1976, advancing by nearly 14 per cent over the year.

The Saskatchewan construction industry had a record year in 1976. The value of work performed increased by 25 per cent over 1975. Housing starts surpassed 13,000, another record performance in the Saskatchewan economy during 1976.

Mr. Speaker, let me now look to the future.

Although grain prices should not go any lower, we cannot expect to return to $5 wheat in the near future. In the meantime, the cash flowing in from the sale of previous years' crops should be a major factor buoying up farm incomes in 1977.

Payments from our cow-calf support program will inject $31.5 million into Saskatchewan agriculture during 1977. While farmers should qualify for a payment from the Western Grain Stabilization Fund in 1977, payments will not be received until 1978 because of the necessity to calculate 1977 incomes. The time required by the Federal Government to process payments makes a payout before June of 1978 unlikely.

Cash farm receipts in 1977 should be close to last year's level, but higher operating costs will cause realized net farm income to decline marginally.

Mr. Speaker, I will now turn to other sectors of the Saskatchewan economy.

The development of Saskatchewan's mineral resources particularly potash, oil and uranium, is a major factor in the diversification of the province's economy. In 1977, we expect the value of mineral production to increase by nearly 23 per cent.

We expect oil production to be up in 1977. The investment outlook for uranium is bright. The value of uranium production could very easily double in the present year.

Past gains in manufacturing and construction activity should be maintained in 1977. An expanded program by the Saskatchewan Housing Corporation will help to sustain residential construction in 1977 and bring a measure of relief from Saskatchewan's low vacancy rates.

Employment will advance again in 1977, although the growth rate is likely to moderate, Saskatchewan's unemployment rate will continue to be one of the lowest in Canada, Mr. Speaker.

Saskatchewan's population will experience further growth in 1977.

Mr. Speaker, I look forward to 1977 with cautious optimism.

However, Mr. Speaker, the lacklustre performance of the national economy is of concern to all Canadians. The national effort to reduce inflation has had a high price tag; restrained growth and higher unemployment.

Notwithstanding the controls program, the Federal Government fashioned restrictive monetary policies to further check inflationary pressures in the early part of the year and failed to compensate for this action by sufficiently expanding job creating activities. The result was predictable. Real growth in the Canadian economy wilted after a strong first quarter in 1976, employment in Canada actually declined in the latter half of 1976, unemployment, already at unacceptable levels in 1975, averaged 7.1 per cent in 1976 and jumped to 8.8 per cent in January, 1977.

With 889,000 persons unemployed in January, 1977, probably the highest number since the depression, almost two million Canadians will belong to families having one member who is unemployed and looking for work. In addition, there are thousands of Canadians who have given up hope of finding a job and have stopped looking for work because none is available. These people do not even show up in the unemployment statistics, Mr. Speaker.

The cost of this economic mismanagement is enormous. We lose billions of dollars of output from people who want to work, and the cost in terms of human suffering and lost potential is huge. The problem is particularly acute in the Atlantic provinces and in Quebec. As Canadians, we should be ashamed of our failure to develop strong regional economic development policies.

There is a clear case for decisive federal action to stimulate the economy. Only Ottawa can tackle the structural and regional problems inherent in Canada's high rate of unemployment.

At the federal-provincial Finance Ministers' meeting last month, I urged the Federal Government to make a personal income tax cut for low and middle income Canadians. A federal tax cut would increase the disposable income of Canadians and increase the demand for goods and services.

Some have argued that we need more tax concessions for business to encourage investment, Mr. Speaker. I reject this notion. Industry is presently operating at only 85 per cent capacity. A personal income tax cut would stimulate demand and assure business of a market for their goods. Hundreds of thousands of Canadians could be put to work without any additional investment. Further tax concessions are not necessary and will only serve to further shift the burden of taxation from corporations to individuals.

Mr. Speaker, I am encouraged by the recent reductions in the Bank of Canada's prime lending rate. The Bank clearly recognizes that lower interest rates will foster a surge in consumer expenditure. But monetary policy is not enough, Mr. Speaker.

We need federal job creation programs in areas of the country where unemployment is particularly high. More federal funds should be directed to improve local government services to build new low and middle income housing and to regenerate older urban areas.

Mr. Speaker, it has been a year and a half since the Anti inflation Program was introduced by the Federal Government. Our Government supported the need for a program to fight inflation, but we have repeatedly called for changes in the program to make it more equitable on the wage side and more effective on the price side.

The debate on controls has now shifted to the means by which controls will be ended.

In our judgment, the sooner that controls are dismantled, the better. Prolonging the program will enlarge the inequities and distortions caused by controls without any assurance that the price level will be lower in the long run, Mr. Speaker.

We believe that an appropriate date for starting decontrols is March 31, 1977. Price controls should be phased out on the same timetable as wage controls, and no sooner.

As the process of decontrol begins, Saskatchewan will wind up the activities of the Price and Compensation Board. While we disagreed with many aspects of the control program, we participated in the program, because we felt it would be inequitable to have wages and prices controlled in the private sector and not in the public sector.

I would expect that provincial public sector contracts which expire on or after the date the Federal Government begins to decontrol will also be decontrolled. In any case, I do not foresee the possibility that we would maintain controls on collective bargaining agreements which expire on or after September 30, 1977.

When controls are lifted, we do not expect a price explosion in the Saskatchewan public sector. We intend to monitor carefully the pricing activities of Crown corporations. With respect to public sector labor negotiations, we hope that the trade union movement and employers will recognize the need to co-operate in order to avoid a return to double-digit inflation.

Mr. Speaker, we are at the crossroads in the state of confederation in Canada and the issue of national unity was never more important. All provinces have been engaged in debates with the Federal Government over one thing or another, whether it be energy policy, jurisdiction over natural resources, cost sharing of our major programs, freight rates or indeed the question of self determination. While these are not minor issues, or minor sources of disagreement, I feel that no useful purpose will be served by continuing to criticize the Federal Government on issues which have already been decided.

Mr. Speaker, we agree that the interests of national unity will best be served by a strong Federal Government which deals in a spirit of co-operation and common purpose with the various provinces and regions of Canada.

Because these issues as they relate to the financial relations with the Federal Government are so important, I want to outline to you, Mr. Speaker, and the Members of the Assembly and the people of Saskatchewan the impact which these last arrangements will have on our financial position. I will provide a brief overview of these new arrangements and detailed information on each of them can be found in a budget paper appended to the Budget Address.

Current arrangements with respect to hospital insurance, medical care and post-secondary education, in which the Federal Government pays approximately 50 per cent of the total actual costs, will be replaced by the Established Programs Financing arrangements beginning in April of this year. Under the new arrangement the province will be provided with a block of funding on an unconditional basis. The new funding will be made up of a per capita cash grant and a transfer of tax room which the province will occupy instead of the Federal Government. In the future, federal assistance will be completely unrelated, Mr. Speaker, to actual costs.

The current revenue guarantee program, under which the provinces were protected from the impact of their revenues of federal changes to the income tax system, will be eliminated.

The total financial impact of the new arrangements on Saskatchewan is significant. A continuation of the revenue guarantee and the cost-sharing arrangements would have yielded $8 million more to this province in 1977-78. The new equalization formula, if it remains unchanged, will reduce Saskatchewan's entitlement by another $24 million. A further $10 million will be lost in 1977-78 because of changes in the proposed federal Social Services Act. In addition, there will be a lump sum loss of $9 million because of the excess recovery by the Federal Government of the tax points transferred to the provinces in the first quarter of 1977.

Mr. Speaker, while I can appreciate the Federal Government's desire to control its spending, given the size of their deficit, it will be very difficult for the provinces to absorb the loss. It will be more difficult for the poorer provinces than it will for the rich. In Saskatchewan, we have already announced measures to replace the money lost through the cancellation of the revenue guarantee.

Whatever steps are ultimately necessary, one thing is clear in our minds. We are determined that our programs of health, medical care and post-secondary education will receive continuing support in order that Saskatchewan can provide its residents with standards of service equivalent to that of any in Canada, Mr. Speaker.

When I said that I was optimistic about 1977, I emphasized that I was cautiously optimistic.

I am cautious because we are vulnerable to a variety of economic problems, many of which are not of our making. In many instances they are beyond our control. Problems such as inflation, unemployment and slow economic growth at a national level are national problems. When these national problems are compounded by a temporary slump in a major sector of a provincial economy, it is necessary, Mr. Speaker, to be cautious.

There is a greater challenge to the province to continue to, provide public services at costs that we can afford. This problem is complex, Mr. Speaker, and defies any simple solution. The easy way would be to slash the public service, to impose arbitrary cutbacks on essential services, to forget about new programs. Such an approach would neither serve the best interest of the people of Saskatchewan nor provide long term solutions to the problems confronting our economy. What is needed, and what this Budget does, Mr. Speaker, is to provide a variety of responses to a variety of problems.

Mr. Speaker, in 1973 during that budget address presented by my colleague the Hon. Elwood Cowley, he set forth this Government's approach to long term fiscal planning. I would like to quote a few paragraphs from that address:

In terms of the Government's role in the economy and its responsibility to the people of Saskatchewan, the policy of a balanced budget in each and every year is not necessarily a sound approach.

The adoption of long term fiscal accounting means that the financial statements of the province will more accurately reflect the longer term approach to fiscal planning.

We firmly believe that responsible government today requires the development of programs over an extended economic cycle. Because of the increased complexity of government programming and financing, the traditional procedure of reporting budgetary surpluses or deficits on an annual basis is no longer adequate.

Under the new concept which is being introduced this year, (that's 1973), deficits or surpluses will be reported and charged to net assets over a period which coincides with an extended economic cycle.

Mr. Speaker, this means that in good years we will put money away so that we have something to fall back on when the economy slows down. When we began this policy in 1972-73, the Saskatchewan economy was on the upswing from the doldrums of 1970 and we ended the year with a cumulative cash carry forward of $30.8 million. In 1973-74 we added an additional $34.5 million and at the same time set up the Community Capital Fund with a $47 million grant. In 1974-75 we added a further $23.3 million to the cumulative cash carry forward.

Mr. Speaker, the Public Accounts for the year ending March 31 of 1976 show budgetary cash inflows of $1,193 million and budgetary cash outflows of $1,170 million. As a result, the cumulative cash carry forward at the end of the 1975~76 fiscal year increased by $23 million to $111.6 million.

In the budget I presented one year ago, cash inflows were estimated at $1,330 million and cash outflows were estimated at $1,328 million. Since that time, unforeseeable expenditures hav2 increased our estimates. The Beef Industry Assistance Program contributed $31.5 million to this increase; this meant that $31.5 million of direct benefits went to the beef producers of this province. In addition, increased hospital salary costs, disaster assistance, accounted for another $21.75 million of unanticipated expenditures.

We currently estimate that the budgetary expenditures for 1976-77 will reach $1,381 million. We expect budgetary revenues for the 1976-77 fiscal year to reach $1,336 million. Individual and corporate income tax receipts are anticipated to exceed the estimated amount that we made last year by $58 million. But this increase will be offset by a substantial reduction in receipts from equalization. 1975 was an exceptional year for the Saskatchewan economy, but a year of no real growth for the country as a whole. AS a result, our position relative to the rest of the country improved dramatically and our equalization has been reduced accordingly. Our entitlement for 1976-77 had been reduced over the course of the last year from $102 million to $48 million. Interest revenue to the province will likely exceed the estimate by $15 million; however, potash revenues are expected to fall by $18 million below estimates due to the large amount of outstanding taxes, Mr. Speaker, and Members of the Opposition.

As of January 1, 1977, the potash companies have still to pay approximately $40 million in outstanding taxes, according to our calculations, Mr. Speaker.

In summary, we expect a drawdown of the cumulative cash carry forward of $45 million in 1976-77. This will leave a cumulative cash carry forward of almost $67 million, a sizeable cushion to help bridge the uncertain times ahead.

Mr. Speaker, I have already indicated that the fiscal arrangements with the Federal Government will begin in 1977. These arrangements include replacing part of what we now receive in cash for hospital insurance, medical and post-secondary education, with tax room.

What does this mean, Mr. Speaker? It means that the Federal Government reduces its income taxes by a certain amount and we raise ours by an amount necessary to levy the same total tax.

Mr. Speaker, in the old system there were 145 points of the total tax. I want the Members of the Opposition to listen because I know that they will want to twist and turn these figures to suit their purposes, but there were 145 points altogether. The Federal Government levied 100 points. We levied 45 points, for a total of 145. Now they gave up nine of those points so they will levy now their old 100 minus nine for a total of 91. We took the nine they gave up and we will levy 45 plus the nine for 54. In the new system they will levy 91 and we will levy 54, for a total of still 145 old points. Nothing has changed, Mr. Speaker. Remember, I said there were 145 and we end up with 145.

But provincial taxes are expressed as a percentage of the federal tax, Mr. Speaker. That's the way the current tax collection agreement works and that's the way the Federal Government wants to keep it. If we must express our tax as a percentage of their tax, obviously our new base must relate to their new base. Our new base is 45 plus nine for a total of 54, their new base is roughly 91. Our new tax base is a percentage of theirs, as every school boy will know 54 over 91 times 100 equals 59.6, which is our new tax base.

Total taxes have not changed, but in order to implement the new federal arrangements, our rates have gone up while theirs have gone down.

Let's give you another example, Mr. Speaker. A taxpayer with an income of $15,000 and claiming a spouse and two children would pay the same total federal and provincial taxes before and after the tax transfer, but provincial taxes would rise by $174 and federal taxes would fall by the same amount. And, Mr. Speaker, this isn't unique to Saskatchewan. The same thing is going to be happening in every province in Canada.

Mr. Speaker, a fuller description of the mechanics and the Established Programs Financing tax transfer is included in the appended budget papers and I invite the Opposition Members to read those documents and become informed.

Last December I announced an interim adjustment in our personal income tax rate from 40 to 45 per cent. This increase was necessary because of Saskatchewan's $40 million loss as a result of the termination of the Federal Government's Revenue Guarantee Program.

As you know, Mr. Speaker, the provinces were less than successful in getting Prime Minister Trudeau and Finance Minister Macdonald to recognize the impact of the cancellation of the guarantee on provincial revenues. As partial compensation, and in an attempt to bring an early end to the existing arrangements for hospital insurance, they offered one point of tax room and an equivalent amount in cash.

As a result, Mr. Speaker, I am pleased to announce a personal income tax reduction for 1977 to a total of almost $12 million.

This will be accomplished in two ways.

First, the tax point given by Ottawa will be passed on directly by lowering the provincial rate for 1977 from 59.6 to 58.5. This will save the taxpayers $6 million, Mr. Speaker.

Secondly, Mr. Speaker, Saskatchewan's across-the board $100 tax cut will increase to $120 in 1977.

This will pass on to the Saskatchewan taxpayer a further $6 million, equal to one Saskatchewan tax point. Provincial income tax will be eliminated for all taxpayers with less than $1,700 of taxable income. About 55,000 taxpayers are taken off the provincial tax rolls as a result of this tax cut.

Mr. Speaker, in effect, the interim rate adjustment I announced last December is being reduced from five to three points. Because of the tax savings from indexing which increase the personal exemptions and raise the income tax brackets, all Saskatchewan taxpayers will pay less federal and provincial income tax in 1977 than they paid in 1976, at the same level of income.

Mr. Speaker, to ensure that revenue from petroleum products continues to represent a fair share of our total provincial revenue and to encourage conservation of dwindling natural resources, the tax on gasoline will be increased from 15 to 19 cents per gallon and on diesel fuel to 26.6 cents per gallon effective midnight tonight. The tax on fuel used for off-road purposes will be raised to six cents per gallon. In case anybody is not clear on that, that's not farm fuel, purple gas will still be tax free, Mr. Speaker.

These tax increases will generate approximately $17.3 million for 1977-78.

Effective midnight tonight, tax on cigarettes will be increased to 20 cents per package of 25 cigarettes.

The tax rate on tobacco will increase to four cents per half ounce and there will be a corresponding increase in the tax on cigars.

Increased taxes on tobacco products will generate approximately $4.6 million in 1977-78.

Mr. Speaker, Saskatchewan has had a long history of succession duty and gift tax fields. When the Federal Government abandoned the national taxation of wealth through estate and gift taxes in 1972, Saskatchewan introduced a succession duty and gift tax because we believed a tax on wealth is a fair tax.

The decision by the Federal Government to stop collecting these taxes on behalf of the provinces at the end of 1974 led the Atlantic provinces to eliminate these taxes. In January of this year the Government of British Columbia announced its decision to discontinue its succession duty and gift tax, leaving only four provinces that continue to' levy these taxes and among these four, Quebec has been phasing out its tax.

Succession duties and gift taxes have been a source of great concern to farmers and small business owners in Saskatchewan, in spite of the fact that less than three per cent of estates in Saskatchewan are subject to the tax, there is a widespread opinion that the successors of the average citizen will be subject to this tax.

Mr. Speaker, I, therefore, wish to inform the Assembly, that effective January 1, 1977 the succession duties and the gift tax will be eliminated.

Mr. Speaker, I will now watch the Opposition, whether they will vote against this Budget.

If they vote against the Budget they are against eliminating this tax.

May I also make a further announcement that effective January 1, 1977, Saskatchewan will introduce a dual rate for computation of corporate income tax. For those businesses that are eligible for the federal Small Business Deduction, the rate will continue at 12 per cent. For those businesses that do not qualify for the Small Business Deduction, the new rate will be 14 per cent. Other provinces have the same kind of a formula, Mr. Speaker, we are not establishing a new precedent.

Mr. Speaker, in looking at our fiscal position for 1977-78, it is obvious that we have entered a period in which there will be a slowdown in the rate of growth of provincial revenues. This has direct implications for our expenditure plans for 1977-78.

We recognize the need for some degree of restraint, but we also recognize the need to continue current levels of service and program support in education, in health care, and in support to local governments.

We consider our commitments in these key social areas stronger than the need to balance the budget in each and every year. This Budget maintains the current level of services and programs and provides for new initiatives as well. At the same time restraint will be applied to programs delivered directly by the Provincial Government. Mr. Speaker, this strategy represents a responsible commitment to the priorities of the people of Saskatchewan.

The total expenditure level planned for 1977-78 of $1,513 million represents a 9.5 per cent increase in spending over the revised level for 1976-77 of $1,381 million, and 14 per cent over the Blue Book estimate of $1,381 million. This represents a significant reduction in the rate of increase of expenditure since 1974. This reduction, which we have accomplished by selectively cutting back on direct provincial programming has been true for both estimated and actual expenditures.

The level of civil service has been held almost constantly for the last two years. The total number of permanent positions provided in this Budget is 10,775, an increase of 158 over the 1976-77 level. At the same time the number of non-permanent positions has declined from 3,378 to 3,083, a reduction of 295 in total person years~ This Government has held the line on the growth of the civil service.

Mr. Speaker, we think that this is a more responsible approach to controlling expenditure growth - not by cutting grants to local governments, school boards, or hospitals - not by eliminating new programs for people - but slowing the rate of growth over time by careful attention to value received for dollars spent.

I shall now summarize our fiscal position for 1977-78. Budgetary cash inflows will reach $1,473 million. Budgetary expenditures will amount to $1,513 million, a 9.5 per cent increase over the revised 1976-77 estimate, and a 14 per cent increase over our original estimate for 1976-77. We anticipate a net cash decrease in 1977-78 of $39.7 million resulting in a cumulative cash carry forward at the end of March, 1978 of $26.9 million.

Mr. Speaker, let me state that in this Government's approach to long term fiscal planning it is our intention to balance our cash inflows and cash outflows on a long term basis. In periods of prosperity, we recognized the need to increase our cash carry forward. We are now heading into a period of slow to moderate economic growth and we believe that it is time to make use of the surplus cash reserves that were accumulated in the past.

Mr. Speaker, in 1976 the province borrowed a total of $345 million. This was for Saskatchewan Power Corporation, SaskTel, for FarmStart and for SaskHousing.

In June of last year we had a review of the credit of the province by the two major credit rating agencies in the United States. I'm happy to report, Mr. Speaker, that the province's credit rating was upgraded from 'A' to 'AA', a further illustration of the strong financial and economic position of the province. Only one province in Canada enjoys a higher credit rating in the United States than Saskatchewan. Mr. Speaker, this permitted Saskatchewan to borrow at lower costs than most other provinces.

In 1977 we see the possibility of employment decreasing, for that reason we are going to be spending additional funds through our Crown corporations and through our utilities to create additional jobs.

The total capital expenditure for Crown corporations will be something in the order of $494 million of which they will generate from their internal revenues about $154 million, leaving $340 million to be borrowed.

Mr. Speaker, that is our Budget for 1977-78. It is a confident Budget. A realistic plan for the year ahead. It is realistic, Mr. Speaker, because it recognizes that after five years of unprecedented growth and prosperity in Saskatchewan, we face some levelling off in growth in the year ahead. It is realistic because this Budget recognizes that we cannot forever remain immune to the uncertain performance of the Canadian economy of which we are a part.

It is realistic because it deals with the fact of a partial withdrawal of federal funding for cost-shared programs.

It is a confident Budget, Mr. Speaker, because in the face of these realities it does not look backward. This confidence is reflected in our determination to maintain and improve the high standards in health care, education and social programs in the year ahead. This confidence is evident in our commitment to increase the supply of housing, to expand assistance to municipalities, to help build new recreational and cultural facilities in the communities.

We are able to maintain this momentum because of the prudent policies of this Government in building up a substantial reserve in years of economic growth.

Mr. Speaker, I spoke a moment ago about Saskatchewan's economic interdependence with the rest of Canada. That I stressed economic matters may, I hope, be forgiven a Minister of Finance. I want to close on a somewhat different note.

I speak not as a Minister, but as a Member of one of eleven responsible parliamentary assemblies in Canada. The debate launched on November 15th in our sister province of Quebec has thrust new and important responsibilities on each of us. As partisans, both regional and political, we have often focussed our attention upon those things which divide us. That in itself is not necessarily bad. It is part of the tradition of the democratic process. It is part of the tensions of a federal system. But we have always taken it for granted that we have one overriding interest. And that is that we are Canadians first. All else follows.

We must now re-order our priorities. Not that we diminish our differences. Not that we forget about regional inequities. This is the stuff of which Confederation is made. I believe there is a job to do in demonstrating that Confederation works and in persuading the people of the Province of Quebec that Confederation is a better idea.

Mr. Speaker, with that priority in mind, I move that this Assembly do now resolve itself into the Committee of Finance, seconded by my seatmate, Mr. Bowerman.