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| Saskatchewan | 19e | 1re | Discours sur le budget | 8 mars 1979 | Walter Edmund Smishek | Ministre des Finances | Saskatchewan New Democratic Party |

Mr. Speaker, I rise in the traditional way to present the government's budget for the coming fiscal year. May I say at the outset, Mr. Speaker. I deeply regret the unfortunate incidents of yesterday. What happened should not have happened, but it did. As you have heard, it happened by no one's design. But the fact that it happened on what has traditionally been a happy day, a day which gives substance to people's hopes and expectations for the coming year, I apologize. But I'm confident that what I have to say today will keep faith with the tradition of the budgets which have come before by the Ministers of Finance who have served under the NDP and CCF governments.

The substance of this budget will, I know, be welcomed by the people of Saskatchewan. Therefore, Mr. Speaker, I am honored to present to you. to the members of the Legislative Assembly, and to the people of Saskatchewan, the eighth budget of this New Democratic government.

Nearly eight years ago, this government was elected on a commitment to create a new deal for the people of Saskatchewan. We pledged ourselves to new social and economic priorities, priorities which placed people first. In 1971, we began to build on that promise. The cornerstone was a resource policy determined to extract for the people of Saskatchewan fair value for resources used. Our determination, Mr. Speaker, has paid off. We captured a fair return on our resources. We were able to take great strides in providing needed programs for our people. We were able to shape a tax system which reduced the burden on those least able to pay income and property taxes. We were able to champion the cause of greater autonomy for our municipalities, school boards and hospital boards by introducing novel and generous funding concepts. We helped transform local governments from provincial dependents to partners, with a share in Saskatchewan's growing wealth, with greater capability to make meaningful local decisions.

Now, Mr. Speaker, the New Deal for People is now a reality. On October 18 of 1978, we asked the voters of Saskatchewan to judge this record. Their approval was resounding.

Mr. Speaker, 44 members on this side of the House are proof of that approval. Mr. Speaker, we view our victory as a mandate to help the people of Saskatchewan fulfil new aspirations as we enter the new decade. Today, in this budget, I will place the capstone on the tremendous achievements of the 1970s and begin to lay the groundwork for the New Decade of Progress. This new decade will hurl great opportunities for this province and its citizens.

Now, Mr. Speaker, the 1980s are at hand. As we approach the new decade new meaning has come to our reputation as 'next year country.' Next year is in sight. People throughout Saskatchewan are excited about the prospects for this province in the years ahead. Resources were the key to our New Deal for People - they will also be the key to our New Decade of Progress. There are a number of major resource development projects which we are scheduled to come on stream during the 1980s. Projects such as the Cluff Lake and Key Lake had the potential to place Saskatchewan among the world's major producers of uranium. Expansion and modernization of the Potash

Corporation of Saskatchewan Mines will enable the province to take full advantage of the extending world markets for potash.

In late 1978 several major announcements relating to exploration and development in heavy oil were made. These point to the importance of these resources to Saskatchewan's and Canada's energy future. In manufacturing, a major expansion of Interprovincial Steel and Pipe Corporation's mill in Regina is now under way. This expansion will allow IPSCO to produce a greater variety of steel products. Pending the awarding of contracts to supply pipe for the Alaska Highway Gas Pipeline, a major increase in capacity is being planned. Together, these projects will provide the base for the Saskatchewan of the 21st Century. Along with other developments these projects promise a Saskatchewan economy which is stronger and more diversified, able to provide more new jobs and controlled by and for the people of Saskatchewan.

Now, Mr. Speaker, the United Nations has designated 1979 as the International Year of the Child. The greatest legacy we can leave our children is the opportunity to work, to build, to create, to grow and to do all of this in Saskatchewan. Last year we took one very important step towards providing secure opportunities for our children with the establishment of the Saskatchewan Heritage Fund. We take the next steps in this budget, laying the foundation upon which we may build a new and more prosperous Saskatchewan. This budget prudently balances growing demands against current revenue prospects, neither stripping our essential support for programs nor spending in a manner which we as a society cannot afford. It puts in place arrangements whereby essential services delivered by all levels of government will be continued with dignity and efficiency, but not with extravagance. This prudence today will reward us handsomely in the 1980s as the fruits of our resource policy make possible a new decade of progress.

Mr. Speaker, before I turn to our proposals for 1979-80, I would like to look at the economic framework within which we frame this budget and how we set it. Mr. Speaker, the growth of the Canadian economy was stronger in 1978, than in '77. However, unemployment and inflation continued to plague our country. Foreign trade provided a major boost to the Canadian economy in 1978. Despite reduced personal income taxes and a temporary cut in provincial retail sales tax in 1978, there was only moderate growth in national consumer demand. While after-tax profits were higher and unused industrial capacity was lower, the general lack of confidence in the Canadian economy caused private sector investment to grow only marginally. The restraint-at-all-costs philosophy adopted by the federal and several provincial governments created a drag on the national economy and hindered efforts to stimulate growth.

Our assessment for the Canadian economy in 1979 is for somewhat weaker growth and higher unemployment. We expect a slowdown in the United States economy. Therefore foreign trade will provide less stimulus to the Canadian economy than it did in 1978. This means that the domestic sector must provide much of the stimulus for economic growth. This appears unlikely as consumer demand is anticipated to continue to increase sluggishly. While investment expenditures will rise modestly, moreover, a lack of government stimulus and the high level of interest rates will continue to hold back the growth of the national economy.

This outlook for the Canadian economy reflects in a significant degree the uncertainly surrounding our future as a united country. Mr. Speaker, during the past year first ministers met on two occasions to discuss proposals for the new Canadian constitution. In addition, two meetings of premiers, chaired by our Premier, were held in Saskatchewan in 1978. The four Western premiers met in Yorkton in April, and all ten premiers met in Regina in August. In every case, our Premier played a leading role in working with his colleagues to strike a new bargain for Canada. The task is by no means complete, but the energy and skill shown by Allan Blakeney in working to keep Canada together, makes me deeply proud to be a citizen of Saskatchewan.

Mr. Speaker, let me now turn to better economic news. Saskatchewan experienced strong economic growth in 1978. Agriculture and resource-related activity provided much of the stimulus. Our unemployment rate was well below the national average and continued to be one of the lowest in Canada. Total personal income for Saskatchewan grew substantially during 1978. Higher farm income was responsible for much of the improvement over 1977. Retail sales in Saskatchewan also increased at a much quicker pace during 1978. Higher personal income growth, together with reductions in personal income taxes and retail sales tax were the major factors contributing to the better performance of retail sales. Overall, Saskatchewan's farmers experienced improved conditions in 1978. Last year's wheat crop approached record levels. While farm operating costs continued to rise, cash receipts rose at a still faster pace, resulting in a 26 per cent growth in realized net farm income during 1978.

Mr. Speaker, 1979 holds promise for Saskatchewan's farmers. Measured in Canadian dollars, international grain prices have increased. In addition, beef prices are expected to be strong over the next year.

However, Mr. Speaker, our current inability to move our agricultural products to market is cause for great concern. Saskatchewan has indicated its willingness to co-operate with the federal government in resolving the fundamental problems facing a grain handling and transportation system. Later in this budget, I will have more to say about this long standing problem which hobbles our economy. But first, let me turn to another bright spot for Saskatchewan - mining. The value of mineral production increased by 24 per cent in 1978. The major contributors to this expansion were uranium, potash and petroleum. At the same time, 1978 saw unprecedented mineral exploration activity in northern Saskatchewan. About one half of Canada's hard rock drilling activity took place in this province. Drilling activity for oil and gas during 1978 reached the highest level in ten years. Land sales for oil and gas exploration and development set new record levels. Heavy oil was the focus of this activity. Overall, mining investment in Saskatchewan increased from 1977 by more than 50 per cent and will continue to flourish in 1979.

Mr. Speaker, our prospects for 1979 are bright. With even an average grain crop, Saskatchewan will attain economic growth in 1979 through improved grain and beef prices, expanded resource development activity and higher returns on our natural resources.

Mr. Speaker, I would now like to turn to the specifics of our 1979-80 provincial budget. In framing this budget we have been guided by our opportunity to cap a progressive new deal begun in 1971 and by our desire to lay the foundation for the new decade of progress. At the same time we have not ignored the needs of consumers, ratepayers, local governments and others who require our support.

This budget strikes a balance between our long-term goals and our immediate concerns and provides a logical link in the chain forged over the last seven budgets.

Mr. Speaker, last year, you will recall I presented a package of programs designed to help people cope with the rising cost of living. The package included a hefty income tax cut, an increase in the Property Improvement Grant, a 25 per cent increase in benefits to senior citizens under the Saskatchewan income plan, an average 5 per cent reduction in insurance rates for automobile owners, restricted increases in utility prices and electricity, natural gas and telephones, and the first phase of revenue sharing to hold down municipal mill rates.

These measures, along with the temporary reduction in our education and health tax rate, provided consumers with over $100 million in benefits in 1978.

Now, that translates into over $100 more in the pocket of every man, woman and child living in Saskatchewan.

Mr. Speaker, this is the action we took to cushion the effects of rising costs of living. However, prices are still rising. In the light of this, I am pleased to report that the benefits from the cost of living package, which I announced last year, will remain intact in 1979. The lower income taxes and other benefits will continue. But, Mr. Speaker, I am also pleased to announce a 7 -point program for 1979, which will enrich these measures and provide further protection from rising prices.

The first point in this program is a further reduction in income taxes. Last year, this government introduced a new tax cut of $30 per dependent child for low and middle income families. I am pleased to announce that for 1979 this tax cut will increase to $40 per child, removing a further 1,200 taxpayers from the provincial income tax role.

Taxpayers at all levels of income will have reduced income taxes in 1979 as a result of indexing. Provincial tax savings from indexing will amount to $22 million this year. In addition, federal changes to the income tax system for 1979, such as the doubling of the employment expense deductions, will reduce provincial taxes by a further $4 million.

The second point in our cost of living protection package involves property tax assistance. Three measures to be introduced in 1979 will reduce the impact of property taxes.

First, we will extend the property improvement grant to include renters. This new grant will be calculated at a five per cent of annual rent to a maximum of $115. About 85,000 renters in Saskatchewan will receive benefits totalling $7.5 million. Mr. Speaker.

Second, our senior citizens - a special school tax rebate will replace the property improvement grant. It will provide a rebate of school taxes on the principal residence to a maximum of $460. So that all senior citizen home-owners benefit, the rebate will in all cases, be a minimum of $50 more than the property improvement grant to which senior citizens were previously entitled.

An estimated 57,000 home-owners who are 65 years of age and over, will be eligible for grants totalling $15 million, Mr. Speaker.

Third, this budget will introduce phase two of revenue sharing. A significant injection of provincial funds will once again help keep municipal property taxes from rising and I will have more to say about revenue sharing a little later.

But let me now tum to the next point in the cost of living package. Mr. Speaker, the cost of home­ownership is a real burden for many Saskatchewan families, particularly young families just getting started and those with lower incomes. As part of this government's new decade programming, we promised to help these families in carrying the load of mortgage payments. Therefore, it gives me great pleasure, Mr. Speaker, to announce that beginning with the 1979 taxation year, we will introduce a provincial income tax credit for home-owners of up to $250 based on $1000 of the first mortgage interest paid on a family home.

Mr. Speaker, this measure will reduce the 1979 provincial income tax for well over 100,000 taxpayers by a total of $18 million. Mr. Speaker, in 1974, we introduced the Family Income Plan to provide financial assistance to lower income families with children and to provide a real work incentive to families eligible for social assistance. The Family Income Plan was the first program of its kind in Canada and it has been a success. I am pleased to announce three changes which will further improve the Family Income Plan:

1. The basic Family Income Plan entitlement will be increased by 25 per cent to $50 per child per month.

2. The maximum income at which full benefits may be received will be increased from $5,500 to $6,200.

3. The $200 child tax credit recently introduced by the federal government will not be considered as income for purposes of calculating Family Income Plan benefits. In effect, this will provide a further monthly benefit increase of almost $17 per child.

Mr. Speaker, these changes to the Family Income Plan provide another $4 million to eligible families with children. I am particularly pleased, Mr. Speaker, to announce these changes along with the increased provincial income tax cut for dependent children for 1979, the International Year of the Child.

Mr. Speaker, I have already announced that senior citizen home-owners will benefit from a rebate on their school taxes. In addition more assistance will be given to senior citizens living in nursing homes. Allowances to residents of special care homes will be increased by 8 per cent. Level II allowances will a rise to $156 per month and level III allowances will now increase to $464 per month as a matter of right. This increase will raise total allowances paid on behalf of nursing home residents to $29 million in 1979 payments.

The sixth point in our cost of living protection package is for students. Mr. Speaker, the Saskatchewan Student Bursary Plan offers a direct way to offset inflationary increases in students, cost of living and to reduce barriers to post-secondary education. I am pleased to announce that for the coming year funding available to the plan will increase by 30 per cent.

Finally, our cost of living protection package will once again ensure that utility rate increases will be kept in line with cost increases. Telephone rate increases will be held to less than last year's increase of 8 per cent. Natural gas rates were not increased last year as you will recall, despite increases totalling more than 16 per cent in the cost of Alberta gas. An increase held to a maximum of 7.5 per cent has been announced for residential rates this year, effective on June 1, 1979. Electricity rate increases have also been announced and will not exceed 7.5 per cent for residential and farm customers.

Mr. Speaker, this seven point program will go a long way towards protecting Saskatchewan citizens against increases in the cost ofliving in 1979. It will reduce the burden of inflation on those who are hurt most, low and middle income home-owners, renters, senior citizens, students, low income wage earners and farmers. In budgetary terms, Mr. Speaker, our commitment is clear. Over $254 million is being spent in this budget directly to offset rises in the cost of living in Saskatchewan. This means that there will be more money in the pockets of Saskatchewan people.

Mr. Speaker, in Saskatchewan our way of life reflects our agricultural character and rural traditions. The people of this province are motivated by an abiding respect for the land and a conviction that co-operation, yes, that co-operation is the way to achieve economic and social strength. We have called this way of life the Saskatchewan option. It is the foundation of our existence as a province. It is worth preserving, Mr. Speaker, it is worth enriching. As a result, this government is committed to preserving and building its strong agricultural sector; one where our young people will see opportunities in a life on the land, and one where we, as a province, will continue to be internationally competitive.

Tied with this commitment to agriculture is our promise to preserve our rural heritage. A large portion of Saskatchewan's population lives in small towns and villages which serve our farmers. The Prairie Rail Action Committee (PRAC) has brought down their report on rail line abandonment which threatens the future of many of our small communities, Mr. Speaker. The government of Saskatchewan has stated its clear opposition to the proposals contained in this report.

We have proposed concrete solutions to the rail transportation problems. We have shown initiative by presenting a six point program for the rationalization of our rail transportation system. Mr. Speaker, the resolution of transportation problems is the key to the future of Saskatchewan's agricultural development. We have had long and difficult discussions with the federal government. But, Mr. Speaker, to my regret, they have been largely unproductive.

One of our main proposals has been the retention of the crow rate and its extension to process agricultural products. With this budget, Mr. Speaker, we are again asking the federal government to consider this proposal. We have provided $3 million in our '79-'80 expenditures for the establishment of a crow rate guaranteed plan. In return for our contribution, we are asking the federal government to live up to its responsibility to provide a transportation system which has the capacity to handle all export grain moving out of western Canada.

Mr. Speaker, since 1971 this government has recognized the problems facing our farmers in trying to stabilize their income. We paid $15 million to hog producers when markets were weak in 1973 and 1974. To beef producers facing low market prices we paid $49 million in interest-free cash advances, and $31 million in non-repayable grants between 1974 and 1976. From 1975 to 1977 we paid $25 million to farmers to offset the impact of rising fuel costs.

The level of insurance coverage under the Saskatchewan Crop Insurance Program has increased nearly 50-fold since 1971. In addition to these special measures, we have initiated a number of programs to provide opportunities to farmers, young and old. We established the land bank to assist young farmers to acquire land and to provide older farmers with an opportunity to retire with dignity at a time of their choosing. We created FarmStart to complement land bank and to help small farmers start or expand livestock operations. We set up farm ownership boards to preserve our farm land for Saskatchewan farmers. We eliminated provincial succession duties and gift taxes which were of concern to farmers who wanted to ensure that their farming operations were continued by their children.

At the same time we have acted, Mr. Speaker, on our commitments to rural communities. We have introduced a number of programs which are designed to strengthen not only the economic base but also the social and cultural character of rural Saskatchewan. These programs, Mr. Speaker, include construction of rural highways connecting smaller centres in the province; a market-road grid system and paving of main streets in almost 400 communities in Saskatchewan; the introduction of revenue sharing to provide rural municipalities with more money for such projects as building main far-access roads and making a start on the super grid; large increases in grants for rural schools; a community college program which now provides courses in over 600 communities; recreation and cultural facilities grants which have helped over 300 communities build curling rinks, swimming pools, community halls; assistance for the establishment of 37 new regional parks; a new municipal road ambulance program; and a new dental establishment grants program to encourage dentists to practise in rural communities. Mr. Speaker, these are just a few of the many programs which are improving the quality of life in rural Saskatchewan.

Now, Mr. Speaker, these programs will continue in 1979 but we do not intend to stop there. This budget contains a number of new initiatives for farmers and for the residents of our rural communities.

Beginning on April 1, 1979, we will broaden the eligibility criteria for the FarmStart program. Farmers with net income of up to $18,000 and net worth of up to $113,000 will be eligible for FarmStart loans of up to $90,000. We will provide Saskatchewan Land Bank Commission with another $20 million to make land available to more young farmers.

Mr. Speaker, we will extend the Farm Cost Reduction Program throughout 1979 at a cost of $16 million.

We will set up the Saskatchewan Agricultural Research Fund in 1979. More than $3 million will be provided for research devoted to improving the productivity of Saskatchewan agriculture in the years to come.

In order to reduce the income taxes paid by farmers and small business people on the capital gains that can arise particularly at the time of retirement, we will introduce a rebate program beginning with 1979 taxation year. Mr. Speaker, I will return to this tax rebate program a little later.

To revenue sharing, phase two, we will make an additional $6 million available to rural municipalities to hold their mill rates down this year.

Mr. Speaker, this is the kind of action we are taking to maintain the momentum for continued growth in rural Saskatchewan that demonstrates their commitment to preserve, Mr. Speaker, the Saskatchewan option.

Mr. Speaker, since '71, we have responded to the growing financial needs of municipalities, of school boards and of our local authorities. Through revenue sharing, municipalities receive financial assistance which will grow as the provincial economy grows. In 1978, revenue sharing alone provided 345 per cent more funding than municipalities received in '71. In addition, funding for municipal capital projects has been provided through the Community Capital Fund and through the recreational and cultural facilities Capital Grant Program.

Mr. Speaker, when this government came to office almost eight years ago, schools and universities funding was well below the national average. Since that time, we have increased school and university grants for students by nearly 200 per cent, allowing our schools and universities to enrich their programs.

Mr. Speaker, this budget reaffirms our commitment to high quality education in Saskatchewan - 1979-80 school and university grants will increase by 7.6 per cent. These increases will be among the highest in Canada and will provide 1 ° per cent more per school student and 11 per cent more per university student. Generous funding will also be provided for capital construction. In 1979-80, over $7 million will be provided for school construction and renovation. There's also $11 million for university projects including funding from the Saskatchewan Heritage Fund for the expansion of the Western College of Veterinary Medicine and the College of Engineering building located at the University of Saskatchewan. In our technical institutes, enrolments are growing and demand for graduates remains high. In 1979-80, work will begin in the expansion of the Saskatchewan Technical Institute in Moose Jaw.

Mr. Speaker, this government has shared with local governments, the revenues produced by our growing economy. Our initiatives included in '72 full implementation of the foundation grant formula for school boards; in '74, the urban package consisting of equalization grants, unconditional operating grants and the community capital fund; in '77, recreation and cultural facilities capital grant program and in '78, phase one of revenue sharing. In addition, throughout this period, we have continued to increase the property improvement grant as a direct payment to offset local taxes. The impact of these initiatives has been impressive. Because of our capital grants, municipalities have been able to undertake major capital projects without imposing a heavy debt burden on local residents. In fact, Mr. Speaker, despite strong inflationary pressures, municipal debt has declined by 16 per cent since this government has taken office.

But this is not all, Mr. Speaker. Our funding initiatives have also enabled local governments to provide more and better services with relatively small increases in the property tax. Between '71 and '77, municipalities saw their operating expenditures increase by 112 per cent, yet municipal mill rates over the same period increased by only 67 per cent. School operating costs between '71 and '77 rose by 105 per cent and yet, school mill rates grew by only 24 per cent, well below the increase in the consumer price index for the same period. Mark that, Mr. Speaker. Municipal and school operating costs more than doubled during this period, yet the rise in mill rates was substantially lower. The reason for this contract is clear. From '71 to '77, our grants to municipalities rose by 341 per cent and our foundation grants to school boards increased by 144 per cent. There is no question that without vastly increasing provincial assistance mill rates would have been much higher.

Mr. Speaker, through our direct assistance to municipalities and school boards we have helped hold the line on property tax rates in Saskatchewan. But we have also, at the same time, Mr. Speaker, shielded ratepayers from the impact of the property tax increases through the property improvement grant. Since we were first elected, the property improvement grant for home-owners has increased by 229 per cent.

Together, Mr. Speaker, our revenue sharing, capital projects assistance, higher school grants and increased property rebates will payout $46 million more to ratepayers this year. Take note, $46 million more just this year. This is equivalent to an average of 19 mills of reduced taxes for every ratepayer in the province of Saskatchewan.

Mr. Speaker, I have already announced two new programs - the extension of the property improvement grant to renters and a new school tax rebate for senior citizens. These programs will provide quick and effective tax relief. But there is more, Mr. Speaker.

We are providing another major increase in the size of the revenue sharing pools. We have combined addition of $16 million; the urban pool will increase to $45 million and the rural pool will increase to $32 million in 1979-80.

Mr. Speaker, the programs which revenue sharing replaced provided a total of $42 million. Next year revenue sharing will provide $77 million.

Mr. Speaker, within two years revenue sharing has brought about an increase of $35 million or over 83 per cent to our local governments.

Mr. Speaker, we are proud of our revenue sharing program and the benefits it has produced.

Let me now turn to capital funding. Over the last five years we have provided almost $50 million of assistance under the Community Capital Fund. This fund was an enormous success. It helped construct a great many new facilities across Saskatchewan. These range, for example, from a new town hall in Asquith to a library in Lafleche to sidewalks in Zenon Park and the list goes on and on. Some of the money is still unspent and will be available in 1979. Further capital will be provided by a number of conditional grant programs, such as the Transportation and Water Supply Assistance. In total, Mr. Speaker, the province will be providing $25.4 million, or $27 per capita in capital assistance to Saskatchewan municipalities in 1979.

The members will be interested that this is the second highest annual amount in the province's history.

Mr. Speaker, this government is pledged to introduce a new $100 per capita grant assistance program. We will seek the advice of municipalities during 1979 on how our new program should be structured to best meet municipal needs. Also, we will seek definite answers from the federal government about the future of the Community Services program.

It is important, Mr. Speaker, that the federal and provincial programs compliment each other. The uncertainty surrounding the federal program has plagued both the municipalities and the province and has complicated the planning of our program.

Mr. Speaker, our cities are growing in vital places. While we have always emphasized programs to strengthen rural life, we recognize that the province has a role to play in promoting the health of our urban centres. I have already indicated what we are doing by providing financial assistance through revenue sharing, but there is another dimension to our assistance.

Over the years we have taken steps to beautify our cities, to provide recreational and cultural opportunities and to breathe new life into downtown areas. The business improvement district grants and the Main Street program provided support to merchants and local councils so that they can act together in renewing downtown areas. Due to their past success, Mr. Speaker, we are expanding these programs by one-third in 1979-80.

In addition, the government has co-operated with urban municipalities to ensure that provincial office buildings and developments by Crown corporations play a significant role in rejuvenating the downtown cores of centres such as Saskatoon, Prince Albert and Weyburn. The Cornwall Centre project in Regina jointly sponsored by Saskatchewan Telecommunications, the Saskatchewan Government Insurance Office and the private sector, is currently under construction and will provide a maj or facelift for a large part of the downtown area. These, Mr. Speaker, serve as typical examples of the redevelopment of which our government is committed. Further measures will be taken in the area of urban transportation. We will provide $11.2 million next year for urban roadway and public transit systems, an increase of over $1 million.

Many of the programs of the Saskatchewan Housing Corporation will help provide additional housing opportunities for senior citizens and others who require ready access to downtown services.

The recreational and cultural facilities will also continue to receive strong support. This year we provided $1.9 million for the extension of Taylor Field in Regina. Across the province we provided $6 million under the recreational and cultural facilities capital grant program. Next year we will increase the funding under this program to $8.5 million, Mr. Speaker.

The impact of this program is already clearly visible in the large number of new recreational facilities across Saskatchewan, many of which serve both rural and urban residents. In addition, grants to each of the Saskatchewan Centres of the Arts, the Saskatoon Centennial Auditorium and the Regina Centre will be increased next year to $162,000. The Western Development Museum will receive $493,000.

Now, Mr. Speaker, members of this House - particularly the older members - are familiar with the beautiful Wascana Centre. I am particularly pleased to announce that in 1979-80 the same concept will be brought to Saskatoon.

A river edge park authority is to be established with representation from the province, the city of Saskatoon, the University of Saskatchewan and the Rural Municipality of Corman Park. The new authority will be known as the Meewasin Valley

Authority, appropriately named, Mr. Speaker, because Meewasin is a Cree word meaning happy meeting place.' Indeed, I am sure, that his worship the Mayor from Saskatoon will agree with me that Saskatoon is that kind of place.

As with Wascana Park, the province will share in the funding of Meewasin Park and money is provided in the budget for this purpose.

Mr. Speaker, as well the province will provide $100,000 to Moose Jaw next year for development of work related to a future river-edge park in that city.

We are proud to be part of these developments for they hold great promise as bold and imaginative ways to protect and enhance the unique heritage for this and future generations in our cities.

Mr. Speaker, we are confident in the overall strength of the Saskatchewan economy, employment opportunities in this province continue to grow in number. Resource development and numerous construction projects such as the IPSCO expansion, several downtown re-developments, hospital regeneration, the expansion of the various education facilities, will provide many new jobs. In addition, the diversification of our economy has opened up new employment opportunities in our service industries. Over the past few years, job creation in the private sector has been very strong. However, the labor force continues to expand. A large number of young men and women are entering the labor force. This government recognizes its responsibilities to stabilize the employment scene in this province. Unlike some other governments in Canada, we are acutely aware of the importance of investment spending by the public sector in generating and maintaining jobs. Last year we anticipated that the labor force would be growing at a very rapid rate. Therefore, we planned for a significant increase in capital spending by Crown corporations and government departments to help take up the slack in meeting the demand for new jobs. With Saskatchewan's unemployment rate among the lowest in Canada, the wisdom of that strategy is clear.

In 1979 the increase in the labor force will not be as great as it was in 1978. However, the government will do its part, once again, to help ensure that unemployment remains low. Capital spending by Crown corporations and government departments will again provide a major source of employment for our growing labor force. We are planning an increase in capital expenditures, enough to provide an additional 1,900 person years of employment in 1979.

It is also important, Mr. Speaker, we believe, to create part-time and summer jobs for students and young people. In 1978, over 2,200 students held summer jobs in Crown corporations and government departments. An additional 2,100 were placed through youth employment service programs and a further 330 found jobs through the students Working in Government program. In total, Mr. Speaker, over 4,600 students and young people were employed in 1978 through these programs. We expect to match this figure in 1979.

Mr. Speaker, this government came into office in 1971 determined to develop the North in a manner that was sensitive to the needs and aspirations of Northerners.

The first challenge was to ensure that northern communities enjoyed access to facilities which were taken for granted in the rest of the province. In 1972 we created the Department of Northern Saskatchewan. Since then, capital expenditures, program services, and greatly increased support of local decision-making in the North have done much to improve the quality of life for those residents. The results of our efforts are there for all to see: improved health, fewer hospital admissions, lower infant mortality rates, higher quality of education, higher school enrolment and a lower drop-out rate, twice as many northern householders with electricity and a safe water supply throughout all households.

In summary, Mr. Speaker, we built the roads, built the airports, built the schools, and provided the services which will open the way for shared economic development in the north.

Through our efforts, Mr. Speaker, northern communities are now prepared for the opportunities of the '80s. It is clear now, Mr. Speaker, that those opportunities will come from mineral development, in particular from the development of this province's vast uranium deposits. Accordingly, the second challenge facing this government is to make sure that development takes place in an orderly, socially responsible manner, and that northerners share fully in the benefits. Mr. Speaker, our government is taking decisive steps in this area. We have put resource policies in place to ensure maximum benefits from mineral development for all citizens of Saskatchewan. We have established the Saskatchewan Heritage Fund to guarantee the prudent management of these returns from mineral development. Provincial development expenditures, out of the fund, are already at work, providing important capital facilities in the north. At the same time, to ensure that health, safety and environmental factors relating to uranium development in the north were fully investigated before any development began, we set up the Cluff Lake Board of Inquiry. In the nine months since Mr. Justice Bayda brought down his report, we have taken several important steps to act on his recommendations.

The major initiative has been the signing of a surface lease with Amok Limited, which establishes the most comprehensive environmental and health protection standards ever set in Canada for a uranium mine. The lease, which will serve as a model for all future lease agreements, also guarantees that northerners will share in the new jobs and business opportunities. With the signing of the Amok lease, we have taken a major step towards protecting the health, the environment, and the interest of the northerners, and indeed, of all Saskatchewan people.

The steps taken to date only partially fulfil the obligations identified by the Bayda report. Through consultations with others who are, or will be, affected by northern development, we shall move to frame the system which embodies the best of the Bayda recommendations.

Over the years, Mr. Speaker, one of our main concerns has been the maintenance of law and order and the smooth administration of justice. We will introduce new measures in 1979-80 for law enforcement. We will increase funding for RCMP services by 9.6 per cent: undertake special training programs for municipal police officers; expand the Indian special-constable program. In the administration of justice we will provide more resources to further strengthen the operation of all levels of courts in the province, and renovate and expand court houses in Battleford, Regina, Saskatoon and Prince Albert. In corrections, Mr. Speaker, we will provide $7 million for new facilities in Saskatoon, Prince Albert, Creighton and Buffalo Narrows. We will extend the use of the low cost facilities where inmates work to help cover the cost of their confinement, and we will develop an alcohol treatment centre at St. Louis for low-risk offenders with alcohol problems.

Mr. Speaker, this government believes that all individuals, regardless of income, are entitled to good legal representation. To this end we introduced in 1974 the most progressive legal aid system in Canada. Our aim was to establish a system of decentralized, locally controlled clinics. During the past year, His Honor Judge R.H. McLelland of the District Court of Saskatchewan reviewed our legal aid system. We have received his recommendations and have endorsed the principal elements of his report. Mr. Speaker, we reaffirm our support for a legal aid system which is based on locally controlled clinics. We are backing this support by a 14 per cent increase in funding for legal aid in 1979-80.

Mr. Speaker, health care in Saskatchewan has a solid reputation throughout North America and elsewhere. This was clearly demonstrated when Senator Edward Kennedy asked two Saskatchewan families to travel to Washington, D.C. to describe the benefits of medicare to a subcommittee of the United States Senate in October last year.

Mr. Speaker, there were other events last October closer to home which confirmed this government's support of our health care system. Today, with a renewed mandate from the people of Saskatchewan, we pledge to maintain and extend our health care programs.

In 1979 the major capital construction and renovation programs at our base hospitals in Regina and Saskatoon will move forward. We have allocated nearly $14 million for the regeneration program of the Pasqua and General Hospitals in Regina. Over a 10-year period we expect to spend $ 94 million to complete the renewal of these two facilities which serve as referral centres for patients from throughout southern Saskatchewan.

This year we see completion of the $42 million addition to the University Hospital in Saskatoon. This project will be followed by a major renovation of the existing building costing a further $30 million over the next six years and we make that commitment. Together, these capital projects ensure that residents of Saskatchewan have access to the most complete and up-to-date hospital service available.

Mr. Speaker, medical research and technology are continually developing new tools for diagnosis and treatment. In 1979, $1.2 million will be provided to the soon-to-be established Saskatchewan Cancer Foundation for the purchase of a high energy linear accelerator to permit cancer patients to receive the most advanced form of radiotherapy.

Also $900,000 will be provided for the purpose of a CAT (Computerized Axial Tomography) Scanner for the Plains Health Centre in Regina. This highly sophisticated machine permits complex diagnosis to be made with more accuracy and less risk to the patient. The Regina unit will complement a similar machine already in operation at the University Hospital in Saskatoon.

I am also pleased to announce, Mr. Speaker, that $750,000 is being provided in this budget to establish a Saskatchewan health research fund. This allotment which will be supplemented in future years, will be used to support the work of Saskatchewan health researchers and should attract additional prominent researchers to this province. Mr. Speaker, I consider the Saskatchewan health research fund to be a significant investment which will provide many future dividends for Saskatchewan people and will, perhaps, help other Canadians as well.

We will continue to place emphasis on health services in rural Saskatchewan. Construction will begin this year on a new hospital in Carrot River and LaLoche. The hospital in North Battleford will be enlarged. Major renovations will be undertaken at Meadow Lake and Wolseley. We do not discriminate. Projects in several other small hospitals are currently under serious consideration.

This year, we will launch a medical establishment grant to encourage and assist Saskatchewan-trained physicians to locate their practices in smaller communities. A similar program already in operation for dentists will be expanded. Mr. Speaker, in 1979, the Saskatchewan Dental Plan will serve 125,000 children between the ages of 4 and 13 throughout the province. This program is bringing dental care to children in their home communities. Many of them have never received dental services before enrolling in the dental plan. Mr. Speaker, we will continue to expand our dental program until all school children and young people between the ages of 3 and 18 are provided with the dental care they require.

Mr. Speaker, I have referred to the continuing initiatives of this government in health, justice, education and other areas. We will assist the process of social development in Saskatchewan wherever possible. In traffic safety, we will launch a campaign to encourage greater use of vehicle restraint devices for small children. School bus inspection will be expanded. The senior citizens' driver examination program will be extended. In consumer affairs, we will implement a debt counselling program to advise Saskatchewan residents of alternative solutions to financial problems.

Women's programs ... In January of this year, the career development office and the women's division were amalgamated within the Department of Labour to strengthen and co-ordinate programs, to improve career opportunities and conditions of work for Saskatchewan women. A new vocational assistance in the Public Service Commission will provide career counselling services to current and perspective employees in the Saskatchewan public service with special attention to vocational counselling for women.

In sports and recreation, Saskatoon will host the Western Canada Summer Games next August. The province is providing almost $2 million for the construction of a field house complex for these games. In 1980, Saskatchewan will celebrate its 75th birthday. Diamond Jubilee year will see a northern summer games and cultural festival jubilee festival of the arts, the publication of a major history of Saskatchewan, among many events to be sponsored and co-ordinated by the Diamond Jubilee corporation. A $1 million grant program will be made available to communities to help them commemorate our past, celebrate our present and look forward to the future in Saskatchewan.

In cultural development, we will increase our efforts to preserve and enrich the unique historical and cultural heritage of Saskatchewan. We have embarked on major restoration projects such as Saskatchewan House, the North West Territory Administration Building and the Legislative Building. In response to requests for our minority language groups, we will expand the language section of the department of education, and the multilingual translation services of the Department of Culture and Youth.

Mr. Speaker, every government should be committed to the effective management of the public purse. Unfortunately, many governments have viewed this management responsibility in a very narrow sense. To some, management of the public purse means to reduce spending regardless of the consequences. Some provinces slash away with reckless abandon, indiscriminately cutting funds from schools and hospital boards and universities, all in the name of restraint. How short-sighted, Mr. Speaker. What that kind of restraint means is slower economic growth, higher unemployment, more pressure on property taxes, and a reduction in the quality of services.

Meanwhile, in Ottawa we have a federal government which in response to growing criticism over its expanding debt load, has announced its own series of panic spending cuts. These arbitrary restrictions have been felt right across Canada by the general public, by numerous organizations, and by various levels of government. As a result of these measures, our revenues will be reduced by approximately $20 million next year, and our expenditures will be increased by about $5 million. Mr. Speaker, this is not effective management of the public purse. How much better it is to contain spending within revenue limits over an appropriate period of time. How much wiser to use surpluses of the past to pay for programs when revenue growth is slow. How much better, Mr. Speaker, to shoulder our responsibilities to local authorities and to the people of this province while controlling the deficit at reasonable levels; reasonable levels which can be recovered as revenues grow.

As I have already mentioned, Saskatchewan is on the threshold of a major economic expansion. Despite a faltering national economy the outlook for Saskatchewan is bright. It is imperative that this budget pave the way for that expansion - that we not cut back arbitrarily simply to balance the budget in a given year. Mr. Speaker, the effect of this - of our gradual and controlled approach is clear. For the fourth year in a row, the total size of Saskatchewan civil service will not be increased. Given the new program, and they should have already announced it today, this means a significant increase in overall government efficiency. And for the fifth year in a row, Mr. Speaker, the rate of increase in our spending has declined. That, Mr. Speaker, is responsible management of the public purse.

Mr. Speaker, in last year's budget, we projected a net cash decrease of approximately $44 million for the consolidated fund. Revenues were estimated at $1,651 million and the expenditure target was $1,695 million.

However, since then several significant and unforeseen developments have occurred, both nationally and provincially, which have affected both our revenues and our expenditures.

After the introduction of our budget, the federal government proposed a program to stimulate the Canadian economy through a temporary reduction in provincial retail sales tax rates. The provinces were asked to co-operate in the program, and Saskatchewan was asked to bear a portion of the cost. We estimate that the two-point sales tax reduction saved the people of Saskatchewan approximately $60 million in 1978. The cost to our Treasury this year will be $24 million. Overall, we expect revenues to be about $27 million less than estimated at budget time. Had there been no sales tax reductions, revenues would have been very close to our original estimate.

Meanwhile, there were also a number of significant adjustments, amounting to $25 million on the expenditure side of the consolidated fund.

However, Mr. Speaker, I am pleased to report to you, and to the members of this House, that through careful financial management, we expect all of these additional expenditures to be absorbed within the original target of$I,695 million.

Therefore, Mr. Speaker, our net cash balance in the consolidated fund will decrease by a further $27 million, nearly all of which is due to the temporary reduction in our sales tax rate.

Mr. Speaker, last year we established the Saskatchewan Heritage Fund. Some of the revenues accruing to the heritage fund are used to finance on-going government programs. We are holding a portion of them in trust for present and future generations of Saskatchewan residents.

Mr. Speaker, we now expect revenues in the heritage fund for '78-'79 to total $500 million, while expenditures will be $360 million. Our revised surplus for the heritage fund is now up to $140 million. When the balance in the consolidated fund is combined with the heritage fund surplus, the province will be in an overall surplus position totalling $69 million for '78-'79.

Mr. Speaker, let me now tum to the specifics of our fiscal position for next year. For '79-'80, we are projecting that the consolidated fund and the Saskatchewan Heritage Fund will achieve a combined surplus of $68 million. We estimate that the Saskatchewan Heritage Fund will have a surplus of $117 million for 1979-80 which will be available for investment. At the end of the fiscal year, we estimate that the heritage fund will have assets, Mr. Speaker, of $722 million.

Meanwhile, for the consolidated fund, we have projected budgetary cash outflows of $1,856 million and cash inflows of $1,807 million, for a 1979-80 net cash decrease of $49 million.

Mr. Speaker, this net cash decrease represents our confidence in the future of Saskatchewan. The future holds considerable promise that we will again accumulate surpluses to offset the small deficits we now face. Indeed, the returns from our natural resources will continue to add strength and stability to our economy. This will, in turn, contribute to stronger and steadier revenue growth. But the revenues we can expect from a number of major resource developments are not yet here. Many projects will come on-stream in 1985 but their impact on our provincial revenues will not materialize until the latter part of the decade. So, we have not been complacent about growing expenditures. We have closely examined our spending priorities. We have not been arbitrary, but we have selected with care. We have a responsibility to stage our expenditure activities in line with our long-run revenue growth. And to those who are asking the government for more funding, for lower taxes, we must say quite clearly that public resources are limited and all demands cannot be met.

Within the limits, we have, as I said, selected with care. Two-thirds of next year's budget will be spent on transfers to local governments, to individuals and to third parties, yes, two-thirds of the total expenditure. The remainder of the budget will be for government-directed programs, including capital construction and special employment programs.

This is what we mean by prudent management, Mr. Speaker. For programs directed by the government itself, we have limited funding for 1979-80 to an increase of only 4 per cent, much less than the rate of inflation. But, for local governments, payments to individuals and third parties, we have provided an increase of 12.5 per cent, more than three times the increase for government-directed programs.

Mr. Speaker, we could have balanced the budget in 1979-80, but this would have meant less money for our municipalities, less money for our school boards, less money for our hospital boards. We could have, also, balanced the budget by providing less money for our senior citizens and permitting their property taxes to go up. We could have done this by not providing for any reductions in taxes.

Mr. Speaker, in line with the principle of long-term fiscal planning, we did not balance the consolidated budget for 1979-80. We did, however, ensure that our expenditures remain under control. For the fifth year in a row we have reduced the rate of increase in our spending. Expenditures from the consolidated fund are estimated to grow by 9.5 per cent in 1979-80. It should be noted that this increase includes $56 million for the continuation of the Farm Cost Reduction Program and the introduction of several new programs, including phase II of revenue sharing, the senior citizens' school tax rebate and the extension of the property improvement grant to renters.

Without these initiatives our expenditure growth for 1979-80 would have only been 6 per cent, but to accomplish this, we would not have been able to provide the added benefits which we are able, in this budget, for farmers, for ratepayers, for senior citizens, for renters and others.

Turning to the Saskatchewan Heritage Fund, the dividend to the consolidated fund is budgeted at $328 million for 1978-80. This is a 12 per cent increase from last year's budget level and represents the use of a portion of our resource revenues for the ongoing programs. In 1979-80, almost $20 million from the fund will be spent on provincial development expenditures - projects which will provide long-term capital assets for northern development, for the continued expansion of our medical and cultural, recreational and educational facilities and institutions.

In order to encourage a continuation of the high level of mineral resource exploration and development, $50 million will be spent in the form of grants and rebates, including $9 million under the Canada-Saskatchewan heavy oil agreement. Together, the consolidated and heritage funds create, Mr. Speaker, a surplus of $68 million a, positive program of provincial development.

Mr. Speaker, I have already announced a number of significant tax measures that will reduce Saskatchewan taxes now and in the years ahead.

The home-owner's mortgage interest tax credit will become effective for the 1979 taxation year. The $250 tax credit will be structured so that the benefits taper off as taxable income rises. To ensure that all home-owners, paying at least $1,000 in first mortgage interest, may benefit from this program at least $1,000 in first mortgage interest may benefit from this program, $100 minimum credit will be established.

The rebate program pertaining to the provincial income tax paid on the capital gains arising from the sale of eligible farm, small business, and non-rental residential property will take effect with the 1979 taxation year. More information about each of these new tax-reduction measures will be made available at the time the legislation is introduced in this House.

Turning to our personal income tax cut for 1979, legislation will be introduced to raise the per-child benefit to $40 per year retroactive to January 1, 1979. One further modification will be made to the tax cut in 1979. To make the overall tax cut more progressive, the 15 per cent reduction factor included in the current legislation will be increased to 20 per cent. The basic tax cut will remain at $160. I should add that the 10 per cent provincial income surtax will remain in force for 1979, affecting those taxpayers whose taxable income exceeds $30,950.

I have one further tax announcement to make today. Effective at midnight tonight, the tax on cigarettes will be increased by 3 cents per package of 25 and there will be a 1 cent tax increase on all cigars and on each one-half ounce of tobacco. These tax changes will yield the treasury an additional $3 million in 1979-80.

Mr. Speaker, let me review our financial plans for 1979. As in the past, Crown corporations will continue to play a significant part in the economic development of Saskatchewan. It is estimated that Crown corporations will spend $595 million for capital development in 1979. The corporations themselves will generate $225 million, leaving $370 million to be financed from other sources.

In addition, short-term borrowings of $49 million will be used to match expenditures with the slower flow of revenues. Thus, the province will require in total some $419 million to finance capital requirements in 1979-80. The largest users of these funds will be the Saskatchewan Power Corporation, Saskatchewan Telecommunications and the Saskatchewan Mining Development Corporation.

Mr. Speaker, these investments by our Crown corporations provide a substantial stimulus to the Saskatchewan economy today, providing jobs in many sectors. But just as important, they will provide valuable assets for Saskatchewan tomorrow - in energy, in potash and in mineral development.

Mr. Speaker, this is our budget for 1979-80. It is a prudent budget but it is also a budget which looks to the great promise which lies ahead. There are new and improved programs. F or parents with low and middle incomes - a higher income tax cut and increased benefits under the Family Income Plan. For renters, a grant of up to $115 under the property improvement grant program. For those seeking work, a job creation program to create 1,900 new jobs. For senior citizens, a rebate of school taxes on their homes and, for those in nursing homes, higher allowances. For home-owners, a mortgage interest income tax credit. For students, more funds for bursaries and more summer employment opportunities. For farmers, a $16 million reduction in fuel costs through the Farm Cost Reduction Program. For farmers and small businessmen, a capital gains tax rebate when they sell their farms and businesses. But this is only part of the story, Mr. Speaker.

Revenue sharing grants to municipalities will reach $77 million next year, an increase of 83 per cent within two years. Other measures will improve the quality of life in urban centres, large and small. School boards will receive 10 per cent more per student and universities 11 per cent more in 1979- 80. We are moving to improve our criminal justice system by developing new programs and by upgrading and extending facilities.

We are providing more money for health care to build and renovate hospitals, to improve health care services in our small communities and to maintain a modem, high-quality medical and hospital system.

Looking to the future, we are providing new funds for agriculture and health research. Mr. Speaker, this budget does all this, while holding the line on the size of the public service, and limiting the increase in the cost of government-directed programming to 4 per cent.

Mr. Speaker, this is a prudent budget. This is a responsible budget. This is a budget which anticipates the great promise for the province in the decade ahead - the opportunities which are there to be seized for a more prosperous and more fulfilling life for all Saskatchewan people.

This is a budget which will set the stage, Mr. Speaker, for a new decade of progress!

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