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| ***Province*** | ***Législature*** | ***Session*** | ***Type de discours*** | ***Date du discours*** | ***Locuteur*** | ***Fonction du locuteur*** | ***Parti politique*** |
| Saskatchewan | 22e | 3e | Discours sur le budget | 18 mars 1993 | Janice MacKinnon | Ministre des Fnances | Saskatchewan New Democratic Party |

Mr. Speaker, I would like to move the following motion, seconded by the Premier, the member from Riversdale:

That Her Honour's message, the estimates, and supplementary estimates be referred to the Committee of Finance.

Mr. Speaker, there are many special guests here today. There are only two who I would like to refer to specifically. Unfortunately my husband, Peter MacKinnon, was not able to attend because he's involved in the Nerland inquiry in Prince Albert. But I'm very pleased that my two sons, Alan and William, are here. I will spare them the embarrassment of pointing them out, but I thank my neighbours for bringing them.

I think it's especially fitting that my children are here today, because this budget is for our children; it is about our future.

Mr. Speaker, Saskatchewan was founded by pioneers who had the vision and the courage to make sacrifices, sacrifices in their time to secure a better future for their children. Today our province faces economic challenges no less daunting than those faced by our pioneers. Today we too must have the vision and the courage to make the difficult choices which will help secure a better future for ourselves and our children.

The challenges are real and very serious. No one can deny that our government inherited a financial mess from the members opposite. Now we are all forced to clean up and pay for their mismanagement. In only 10 years, Saskatchewan's financial position has gone from one of the strongest in the country to one of the weakest.

Our total debt per capita is the highest of all the provinces, $15,000 for every man, woman, and child. Mr. Speaker, if Saskatchewan's total debt was stretched out before us in $20 bills laid end to end, there would be enough of them to circle the earth at the equator twice.

The interest payments on that huge debt -- just the interest, not the principle -- costs our province more than $2 million each and every day. That's more than $2 million a day which leaves Saskatchewan for the bankers and the bond dealers of Toronto, New York, Zurich, and Hong Kong. Every dollar we waste on interest payments is a dollar we can't spend to help create jobs or protect our public services here at home.

Mr. Speaker, interest payments are robbing Saskatchewan families of jobs, services, and opportunities. For their sake we have to get these interest payments and the budget deficits which caused them under control. The sooner we do that, the sooner we'll secure Saskatchewan's future for ourselves and for our children.

Saskatchewan is not alone. Dealing with debt is a challenge for governments everywhere. The new President of the United States has acknowledged that. He recently proposed tax increases and expenditure cuts to tackle the debt problems of the world's largest economy. Yet the debt problems facing the United Sates are nowhere near as severe as those facing Canada or Saskatchewan. So the need for action here is even more pressing.

Canada must come to grips with its debt problem. No one government can tackle it alone. We require national solutions. We need cooperation, coordination, and a new national agenda.

Imagine the potential of a national economic strategy committed to full employment. Imagine a national economic strategy committed to creating jobs today by modernizing Canada's infrastructure and making our economy more competitive for the future.

Imagine a national economic strategy committed to protecting our social programs by improving the delivery of those programs. Imagine the potential for true fairness if we had a national commitment to reform our tax system. Imagine the potential for financial freedom if Canadians had a national plan to balance our budgets and reduce our debt.

These goals can only be achieved at the national level. In the meantime, we must act here at home. We are showing the way in Saskatchewan. We are on the leading edge of positive change. We are proving that governments can reduce their deficits while remaining true to the fundamental values of cooperation, community, compassion, and fairness.

We have made great progress in just a few short months. To encourage jobs and economic growth we have introduced a comprehensive economic strategy, *Partnership for Renewal*, in cooperation with all sectors of the Saskatchewan economy.

To protect our vital public services for future generations, we have launched major reforms in the delivery of those services, such as the wellness approach to health care. To protect our farm families and the rural communities which depend on agriculture, we are working with farmers and with their organizations to build new, more effective safety net programs for the future.

"Forging Partnerships in Agriculture," a discussion paper prepared by my colleague, the Minister of Agriculture, is a starting point for a province-wide consultation on how to build a more self-reliant and diversified agricultural industry.

To guarantee Saskatchewan's financial freedom our government has undertaken the most wide-ranging deficit reduction program in all of Canada. We are the only government in Canada to have actually reduced our operating expenditures.

And with this budget, we are the first government in Canada to introduce a comprehensive balanced budget plan.

A plan which will create jobs and strengthen our economy; a plan which will rationalize and improve the delivery of our services; a plan which will balance the budget within four years without any further major personal tax increases or cuts to government services.

And a plan committed to compassion.

Mr. Speaker, while the excesses of the past may appear to limit our opportunities today, we remain confident about our future. We do not fear change; we embrace it and shape it to meet our needs and our values.

Mr. Speaker, the comprehensive balanced budget plan I introduce today is a clarion call to all of those who believe in Saskatchewan's pioneering spirit and in our timeless values of cooperation, community, compassion, and fairness. This plan will secure our future.

Mr. Speaker, a strong economy is a prerequisite to a balanced budget. That's why job creation is a key component of our balanced budget plan. We recognize that there are limits to what a provincial government can do to stimulate economic growth and create jobs. Saskatchewan is not an economic island. We cannot insulate people totally from the impact of federal policies or from the impact of changing world conditions. We understand only too well that the main economic levers -- interest and exchange rate policy, banking and trade policy -- rest with Ottawa.

That's why our government is raising its voice on behalf of Saskatchewan people in a call for a new national approach to economic development, one which focuses on creating jobs and strengthening the national economy.

Mr. Speaker, action has to begin at the national level. But we will not sit idly by hoping for positive action. We must do all we can as a province to create jobs now. This requires a new approach to economic development.

In the 1980s hundreds of millions of dollars went into megaprojects, draining our treasury and creating very few long-term jobs. Those days are over.

No more give-aways. No more sweetheart deals. No more megadollars for megaprojects. It's time to give Main Street, Saskatchewan, a chance.

Developed in partnership with business, labour, and communities, our economic development strategy involves giving our co-ops and small businesses a competitive edge, encouraging new investment, promoting value added processing, pursuing new growth industries, improving our infrastructure, and maintaining our highly skilled workforce.

Mr. Speaker, Saskatchewan's co-ops and small businesses are the most effective job creation programs we have. They were responsible for creating two-thirds of all new jobs in this province over the past 10 years. Our government has recognized this job creation potential. In the 1992-93 budget we reduced the small business corporation income tax rate from 10 per cent to 9 per cent. I am pleased to announce that the rate will be further reduced from 9 per cent to eight and one-half per cent effective January 1, 1994, and to 8 per cent on January 1, 1995.

This represents a 20 per cent reduction in income taxes for co-ops and small businesses, a huge incentive to expand and create jobs.

Mr. Speaker, new investment also means jobs. This budget will encourage new investment in our province. It includes improvements to Saskatchewan's labour-sponsored venture capital program. And it removes the education and health tax from 1-800 telephone services.

In addition, Saskatchewan people will again be given an opportunity to invest in their province. In 1992 Saskatchewan savings bonds were an incredible success. People demonstrated their faith in our province's future by buying more than a half a billion dollars worth of these bonds. Today I am pleased to announce a new issue of Saskatchewan savings bonds will be made available to our citizens in 1993.

Mr. Speaker, our economic success in the 1990s will depend on our ability to broaden the base of the Saskatchewan economy. The future contributions of our core industries will come from value added processing and new technologies, products, and services. This budget will stimulate value added processing and the development of new growth industries.

To encourage small-business investment and processing, I am pleased to announce a manufacturing and processing tax credit equal to 8 per cent of the value of eligible equipment required by small Saskatchewan businesses.

In addition, our government will continue with the planned phase out of the educational and health tax on direct agents used in manufacturing and processing.

The rate will be lowered from 5 per cent to 3 per cent on July 1, '93 and it will become zero on July 1, 1994. This tax reduction will encourage expansion and help create manufacturing and processing jobs.

Mr. Speaker, the jobs of tomorrow will depend on our ability to develop new technologies, new products, and new services for the global market-place. This means a continuing commitment to research and development. In spite of our financial difficulties, this budget maintains that commitment.

It includes $12 million to develop new agricultural technologies, $7.5 million for the Saskatchewan Research Council to assist resource and manufacturing companies, $4 million for research to improve the effectiveness and efficiency of the health system, and $1.5 million for the new Saskatchewan Energy and Conservation Development authority. In total, $51 million will be invested in new growth opportunities to create jobs today and build for our future.

In spite of our severe financial constraints, our government will continue to invest in Saskatchewan's workforce. We have to maintain a skilled, highly trained workforce to take full advantage of new economic opportunities.

This budget provides $550 million over the next two years for Saskatchewan's post-secondary education system.

Our government is also doing its part to provide summer employment opportunities for students. Partnerships '93 will create 2,000 jobs for students in regional parks, municipalities, and small businesses.

We are also providing education, training, and employment opportunities for those most in need. The New Careers Corporation will implement a cost-sharing arrangement with southern municipalities and regional parks to create over 1,600 jobs.

And programs to promote Indian and Metis training and employment will receive funding of almost $14 million.

Mr. Speaker, local businesses and co-ops are the main engines of economic growth in our province, but our government believes that the public sector too has an important role to play. What no one company can do alone, our community can do together. In particular we recognize the public sector's role in upgrading and modernizing Saskatchewan's infrastructure. I am pleased to announce that our government will help to create jobs this year by investing $162 million in vital public projects, including $76 million for highways and airports; $19 million for rural roads and bridges; $26 million for schools and universities; $27 million for health care facilities.

Mr. Speaker, this investment in public infrastructure represents a 10 per cent increase over last year.

It means more jobs for Saskatchewan men and women. Our Crown corporations will also help to create jobs this year with significant capital investments -- $520 million in construction projects will be undertaken by these public companies.

Mr. Speaker, this budget will encourage new jobs and economic development -- small business cuts; new incentives for investment; new tax credits and other benefits for manufacturers and processors; new investments in research and development; a program to modernize and upgrade our public infrastructure; new education and training opportunities. These commitments will provide jobs today and will help secure our future.

Mr. Speaker, agriculture is central to the health of our provincial economy. It represents 10 per cent of our gross domestic product and 17 per cent of our employed labour force.

This budget provides $320 million in support to farm families and the agricultural industry. Yet despite massive federal and provincial spending over the last 10 years, the challenges facing farm families have not been resolved. Our families continue to struggle with a cash flow crisis brought about by low grain prices and in many cases heavy debt loads.

Governments need to recognize that the old ways haven't worked. We need new solutions, and those solutions must be national in scope.

Our agricultural industry competes in the global market-place. Our producers are battling subsidies provided to their competitors by the national treasuries of the United States and Europe. Our national treasury needs to back our farmers.

Unfortunately Ottawa has been going in the wrong direction. Instead of living up to its national responsibilities to protect agriculture, it has been shifting a larger and larger share of the burden onto producers and onto provincial taxpayers. We need a renewed national commitment to our farmers. We need new national programs that meet the needs of the 21st century.

Farm safety net programs like GRIP, the gross revenue

insurance plan, are fundamentally flawed. GRIP is a universal program based not on the needs of the individual producer, but on overall production. As a consequence, the larger the farmer, the larger the payment from the public purse.

Over 40 per cent of the funds paid out under the GRIP program in Saskatchewan end up in the hands of only 20 per cent of our farmers. We need new, more effective federal-provincial farm safety net programs for the future -- programs targeted to those most in need, geared to recognizing the costs of production, and above all, designed to provide farm families with long-term income security.

Our government is committed to developing such a safety net program. To further that goal, we are announcing today our intention to withdraw from GRIP in two years time. By giving notice now, we can begin to work with other governments, farm organizations, and farmers themselves to develop a new, more effective farm safety net program for the future.

We are not serving notice to withdraw from NISA (net income stabilization account) at this time, because this program, with appropriate revisions, could form the basis of a new and more effective farm safety net plan.

Mr. Speaker, new safety net programs will take time to develop. But Saskatchewan farmers need cash now to help put the crop in the ground this spring. That is why our government will continue to press Ottawa for the critical third line of defence payment.

The federal government has an obligation to our farmers, and this government will do everything it can to convince Ottawa to meet that obligation.

Mr. Speaker, I said earlier in my remarks, budget deficits and the interest payments those deficits generate are the number one drain on our economy. They prevent economic growth. They destroy jobs. That is why a balanced budget plan is so vital to our economic future. We have to get our fiscal house in order.

Our government began that task last year with our first budget. We reduced operating expenditures by almost 4 per cent. Other governments increased their spending; we reduced ours.

Government spending is under control. However, revenue shortfalls, common to all governments in Canada this year, have put pressure on the 1992-93 deficit. Still, Mr. Speaker, I can announce today that the deficit for 1992-93 is projected to be $592 million, 30 per cent less than in 1991-92.

The deficit for the coming year, 1993-94, will be $296 million, a further reduction of nearly 50 per cent.

Today, Mr. Speaker, I am presenting a comprehensive plan with all the major spending cuts and revenue adjustments required to balance the budget by 1996-97.

We will balance the budget to provide Saskatchewan with the financial freedom to sustain economic growth and provide jobs for our young people, to protect our public services. These goals are fundamental to the quality of life for Saskatchewan families. These goals are what the balanced budget plan is all about.

I invite all members to read the budget paper which I have tabled in the Assembly today. This is the plan that will put our fiscal house in order. This is the plan that will secure our future.

To achieve a balanced budget by 1996, our government did a thorough review of both government spending and government revenues. It was not an easy task. It required some very difficult choices.

First, let me review our decisions with respect to government spending. We decided that government spending had to be cut significantly. We started at the top. This budget continues the freeze on MLAs' salaries; the 5 per cent cut in cabinet ministers' salaries; the reductions in allowances for government members of the legislature with extra duties; and the freeze on out-of-scope salary ranges in the public service.

This budget also introduces a number of new spending cuts. Yesterday the Premier announced a major reorganization of government departments which will save taxpayers $5 million annually and make the delivery of government services and programs more effective. In addition, our government is cutting 25 per cent of all agencies, boards, and commissions for savings of more than a million dollars a year.

In total, Mr. Speaker, this budget commits government departments to save $15 million this year through internal . . . in savings and efficiencies, including reorganization, the reduction of duplication and overlap, maximizing the integration of services.

Mr. Speaker, this government knows full well that every dollar counts. There are hundreds of ways, big and small, in which we have cut waste and reduced inefficiency in both government departments and Crown corporations. Here are just a few examples.

Computer contracts in the Department of Energy and Mines were renegotiated for savings of $30,000. Internal operations in the Agricultural Credit Corporation were reorganized for savings of over a million dollars. SGI (Saskatchewan Government Insurance) negotiated a volume discount postage contract, saving $138,000 a year. SaskEnergy consolidated office functions, saving $252,000 a year.

Mr. Speaker, we have acted on many fronts to meet the demands of Saskatchewan people for a more responsive, more effective, and more efficient government.

Mr. Speaker, we are leading by example. But, Mr. Speaker, we cannot do it alone. Tackling our deficit requires all of us to work together. To succeed we need the support of everyone in the Saskatchewan community.

Mr. Speaker, this year about $1.6 billion, 32 per cent of the provincial budget, will be transferred to health and school boards, universities, colleges, and municipalities -- our local government partners.

With these funds they make their own decisions about the delivery of programs and services consistent with community priorities. We have already been forced to reduce our transfers to these third parties, and I know that this has required many difficult choices on the part of our partners. Today however I am calling on our partners to share further in the burden of reducing the deficit so that they can soon share in the benefits of balancing the budget.

Last year we provided third parties with a longer term commitment by announcing funding levels for two years. Today I am confirming the previously announced funding levels for 1993-94 and announcing the following reduction in funding levels for 1994-95: 8 per cent in urban and rural revenue sharing grants; 2.8 per cent in operating funds for hospitals; 4 per cent in operating grants for local school boards, universities, regional and federated colleges, and SIAST (Saskatchewan Institute of Applied Science and Technology).

There is no doubt that these funding levels will require difficult choices. But we are confident that local governments possess the creativity and the determination to meet the challenges in the best interests of their communities.

Mr. Speaker, difficult choices also had to be made with respect to programs provided directly by government. In making these decisions we had to ask ourselves if these programs were affordable, not just this year but in future years. One such program is the Saskatchewan prescription drug plan.

In February the federal government passed Bill C-91, which will significantly increase the costs of prescription drugs and therefore increase the costs of the drug plan. Forecasts show that the current drug plan will cost $110 million a year by 1995.

Some would argue that a province like Saskatchewan can no longer afford a drug plan. They argue that the drug plan should be eliminated because most other provinces don't even offer a plan that provides benefits to families. Mr. Speaker, we reject that view.

We will not eliminate the Saskatchewan prescription drug plan. To do so would mean serious hardship for some Saskatchewan families. Today I announce that we have redesigned a new drug plan which will protect those with low incomes and with high drug costs. We have created a Saskatchewan prescription drug plan which will be affordable today and affordable tomorrow.

We have designed a plan that will protect those most in need.

Another extremely difficult spending choice was the children's dental plan. As you know, the school-based children's dental plan was gutted by the members opposite in 1987. The current program is costing taxpayers $10.3 million a year and is not providing the province-wide coverage we all hope someday to restore to our province.

Our government has decided to limit the current program to children in low income families and to begin pilot projects which, if funds become available, could lead to the restoration of a province-wide children's dental plan.

The Minister of Health will be providing additional details on these and other changes to health care programs and services.

Mr. Speaker, across government we have used the principles of compassion and fairness to guide us in modifying more than 40 programs, making them affordable today and preserving them for our future.

Overall the 1993-94 budget cuts operating expenditures by $142 million from 1992-93. In total this government has reduced operating expenditures by 7 per cent over the past two years. We are helping to secure our future by requiring government to live within its means.

Mr. Speaker, reducing expenditures alone are not enough to solve this province's financial difficulties. We do not have the wide array of options which exist for a national government. We don't have a Department of National Defence or a helicopter program to cut. About 90 per cent of our budget is taken up by health, education, social services, agriculture and economic development, and interest payments. To cut more than we already have in those areas would cause real hardship for some Saskatchewan families.

To balance the budget and secure our future we must increase revenues. This is especially true in light of declining federal commitments for health, education, agriculture, and social services. Federal offloading is costing Saskatchewan taxpayers more than $500 million each and every year. As a result, I'm announcing the following necessary revenue measures.

Effective April 1, 1993, the rate for the corporation capital tax resource surcharge will increase to 3.6 per cent.

Effective midnight tonight the fuel tax rate on gasoline, diesel, gasohol, and propane will increase 2 cents per litre.

Effective midnight tonight the education and health tax rate will increase to 9 per cent.

Effective midnight tonight the $300 education and health tax exemption on the purchase of adult clothing, adult footwear, and yard goods will be removed. Children's clothing will continue to be exempt.

Mr. Speaker, all the major measures necessary to balance the budget in four years including the revenue measures I have just announced are included in the balanced budget plan being presented to this Assembly today. In other words, the balanced budget plan sees no additional major cuts in government programs or major increases in personal taxes.

This balanced budget plan is not without risk. Our revenue and expenditure targets could be thrown off course by the state of the global economy, natural catastrophes here at home, or more particularly the actions of the federal government.

Federal offloading will undermine our balanced budget plan. We are hereby serving notice that this government cannot withstand any more federal offloading.

But even in the face of these uncertainties we have shown the courage and the vision to put a comprehensive plan before the people of Saskatchewan.

A plan to create jobs, strengthen our economy, protect public service, and balance the budget, a plan that secures our future.

Mr. Speaker, I do not deny that this budget requires sacrifice. But there are some in our midst who cannot be asked to sacrifice more. They have nothing left to give. Our strength as a society is reflected in our willingness to protect our weakest members.

By far the most vulnerable in our society are our children. Far too many live in poverty or unstable family situations. This budget acts to improve the lives of children and families. Assistance for working-poor families will be provided by increasing payments under the Family Income Plan. There will also be an increase in the monthly social assistance payments to families with children.

In 1994 the government will introduce a new child benefit plan to support children in low income families.

This budget also provides almost $18 million for programs that directly benefit our children, including funding for child care, children's hunger programs, and the revised dental program.

The pressures on families are enormous and many, sadly, suffer breakdown. To prevent such tragedies the government has introduced preventative programs designed to support families. This year we are increasing funding for these programs.

Increased funding will be provided for the family builders program which provides in-home therapy to families in crisis, and increased funding will be available for support services for troubled families.

Single parent women face special challenges. Single parent women need special support. There will be additional funding for infant care centres to help encourage single parents remain in school and finish their education.

The teen parent program for expectant teenage mothers will be expanded. And to ensure that parents live up to their responsibilities, $1 million will be provided to enhance the enforcement of maintenance orders.

Low income seniors on the Saskatchewan income plan will have their benefits increased. These seniors will also receive enhanced benefits under a number of other programs, including chiropractic and optometric services and the drug plan.

Seniors value their independence. To help promote this, funding for home care services has been increased to $43 million, in part to fund a new wellness initiative to provide additional home care services for patients discharged early from hospital.

There will be a continuation of funding for family connections, a program designed to ensure that Indian and Metis children in need of protection can remain within their own cultural communities. The aboriginal court worker program designed to support Indian and Metis people at odds with the law will also be re-established.

Mr. Speaker, this is deficit reduction with a difference. This is deficit reduction which reduces expenditures but also shows compassion.

Mr. Speaker, today I have presented a plan to secure our future. A plan that creates jobs and strengthens our economy. A plan that protects public services by rationalizing the delivery of those services. A plan that balances the budget within four years. A plan with a difference -- a plan with compassion.

There will be those who say that this plan moves too quickly to balance the budget. To them I say, in the 1980s government spent what they didn't have and left the bills to be paid by our children. That era is over.

I'm going to leave my children more than just a stack of unpaid bills.

There will be those who say we should not raise taxes. Of them I ask, how then would they balance the budget without eliminating the safety nets that protect Saskatchewan families?

Mr. Speaker, I will not apologize for the compassion we have shown in this budget.

Compassion for those in need is one of Saskatchewan's finest traditions. I am proud to say that this government and this budget remains true to that tradition.

Finally, Mr. Speaker, there will be some who say that they did not create this deficit so they should not have to sacrifice to eliminate it. To them I say, you may not have created this deficit but neither did I.

Looking back and assessing blame won't solve our problem; looking forward and working together will.

Mr. Speaker, the eyes of our children are on us. They are looking to us for leadership, determination, and courage. They are counting on us to rekindle the true pioneering spirit of our great province. They want us to face our challenges head-on, to be bold enough to chart new courses, to be determined enough to make the difficult choices now, and to be visionary enough to look to the future with confidence and hope.

This is what we have done in our plan. We have acted today to restore confidence and hope in our province. We have acted today to secure our children's future.

Mr. Speaker, I move, seconded by the Deputy Premier, the member from Regina Dewdney:

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