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| ***Province*** | ***Législature*** | ***Session*** | ***Type de discours*** | ***Date du discours*** | ***Locuteur*** | ***Fonction du locuteur*** | ***Parti politique*** |
| Saskatchewan | 18e | 2e | Discours sur le budget | 24 mars 1976 | Walter Edmund Smishek | Ministre des Finances | Saskatchewan New Democratic Party |

Mr. Speaker, it has been a long tradition of the Saskatchewan Legislature during budgetary presentations for the Minister of Finance to wear a unique tie. While the tie that I am wearing today may not appear to be unique, it is one that has a special meaning to me. It belonged to an outstanding Saskatchewan citizen, a politician, a man who personally set high standards for persons in public office. Perhaps I should say he was a statesman, the late Woodrow S. Lloyd, a former Minister of Education, former Provincial Treasurer and Premier of Saskatchewan.

The tie was given to me after his untimely death by his wife, Mrs. Vickie Lloyd. Mr. Speaker, perhaps there is something unique about this tie. You will notice it is gold in colour and with a red background, it could be representative of our two key resources in Saskatchewan. Gold like the wheat fields of Saskatchewan and the reddish background could be representative of our other major resource, potash.

Mr. Speaker, if I may add a personal note, some of the MLAs have been congratulating people who are here today. I notice in the Speaker's Gallery a person who is very dear to me, my daughter Kelly who is celebrating her sixteenth birthday today. May I wish her a happy sixteenth birthday.

Mr. Speaker, Budget Days under the CCF and NDP Governments have traditionally been happy days. It's a day that many citizens look forward to. It's a day of new hope and expectation, it's a day when the Government sets its priorities for people and puts them into concrete action. Today is no different, it's another happy day, another day of social and economic progress for the people of Saskatchewan.

Mr. Speaker, it is my privilege to present to you, to the Members of the Legislative Assembly, and to the people of Saskatchewan the fifth Budget of this New Democratic Government.

Mr. Speaker, two imperatives have guided us in the preparation of this Budget. The first is the immediate and urgent need to join the national effort, however halting it may be, in the fight against inflation.

The second, is the longer term but equally urgent need to develop a stable, secure and rewarding economic future for the people of Saskatchewan.

Effective action against inflation demands responsible leadership in applying restraints in which we must all bear our fair share, without penalizing those at the lower end of the economic ladder. Our economic future demands responsible leadership in dedicating our resources to future development which will benefit primarily the people of this province, and not absentee corporate owners, Mr. Speaker.

Mr. Speaker, this Budget meets the demands for responsible leadership.

Let me first deal with the question of inflation.

I shall not review in any detail the unhappy performance of the Canadian economy in 1975. Let me briefly summarize the facts which, for Canada, underline the urgency of taking action against inflation.

In 1975, the Canadian economy had its worst year in more than 20 years. Real growth in the economy was a mere two-tenths of one per cent.

In 1975, unemployment in Canada increased to more than seven per cent.

In 1975, the consumer price index rose by nearly 11 per cent.

In the face of these facts, the response of the Federal Government has not inspired confidence. In 1974, the Trudeau government was dead set against controls. Last spring they launched an ill-starred voluntary restraint program called "consensus". That program failed utterly.

In the fall came a complete about face. Consensus was out, controls were in. Controls of a sort, that is. We had and continue to have many serious doubts about the fairness and effectiveness of the federal anti-inflation program. I'll return to those doubts more specifically in a moment.

Despite these doubts, our government has given its qualified support to the federal plan and we have agreed to do our part in this province. We have done so for three main reasons.

First, we are convinced that the dangers of uncontrolled inflation are so great that action must be taken.

Secondly, inflation can be tackled effectively only at the national level under federal leadership.

Third, however faulty that federal leadership may be, our course as we see it is to support the intent and to attempt to improve the program and this we have tried to do. The alternative of rejecting the federal effort and going our separate way is neither productive nor consistent with our responsibility as an integral part of Canada.

Let me now tum to the shortcomings of the federal program which concerns us most. Most glaring is the federal failure to control prices in a way which not only is effective but is seen to be effective. We believe that prior approval of the Anti-inflation Board should be required for price increases of certain key commodities such as steel, fertilizer and cement. This would make sure that price increases were fully justified before they were put in place. Further, it would demonstrate

We are convinced that the federal government should levy a general and comprehensive excess profits tax. Effectively applied, it would be a strong mechanism to control prices.

We also cannot accept the lack of effective controls on the incomes of professionals. We have argued that a professional income surtax is the only way to make sure that high income earners are subject to the same rules as those in lower income brackets. The Federal Government, however, has decided to levy a general income surtax which is completely inadequate. For example, for a professional with a spouse and two children having an income of $35,000 a year, the surtax will amount to just 35 cents. That's simply not good enough.

We have another set of problems with the federal control guidelines which result from the particular circumstances facing Saskatchewan. In Saskatchewan, unlike much of the balance of the country, our economy is working at very nearly full capacity and is continuing to expand. Again, I will forego any detailed economic review, but let me note a few key indicators, Mr. Speaker.

In dollar terms, our Gross Provincial Product in 1975 was $6.2 billion, 10.7 per cent above 1974.

Our population increased by 18,000 from June 1974 to the end of 1975.

Our labour force increased by 12,000 to 375,000 in 1975.

Our unemployment rate was 2.9 per cent on the average, the lowest in Canada.

And we set a new record in housing starts with 10,250 in 1975.

Mr. Speaker, given this solid rate of growth in our economy, our first concern with the compensation guidelines is that they be flexible enough to permit us to remain competitive in the Prairie Region for key groups of workers. I note particularly the wage differentials that exist - basically because of the timing of contract settlements - for teachers, nurses, construction workers and the provincial public service. In all these instances Saskatchewan workers had fallen well behind their counterparts in Manitoba and Alberta when controls were announced.

We have a second and more general difference of opinion with Ottawa on compensation controls. That relates to the minimum levels of income below which controls do not apply.

Mr. Speaker, Ottawa believes that wage earners earning as little as $3.50 an hour should not be allowed to exceed the guidelines in any settlement they might reach with their employers. That minimum is simply too low. It is the policy of this Government, and one we have urged and continue to urge on Ottawa, that the minimum must be raised. To do otherwise will mean that once again those who have the least will bear the biggest burden in the fight against inflation.

Mr. Speaker, I have reviewed our major differences with Ottawa on anti-inflation measures. We want equity and protection for our people and our economy. We are prepared to sign an agreement with Ottawa. However, now that the matter has been referred to the courts, we will naturally be awaiting the decision regarding the constitutionality of such a program before any further steps are taken to sign an agreement. Meanwhile we have taken the action we consider appropriate at this time.

We have enacted rent control legislation, appointed a rentalsman, and tenants and landlords have been informed of their rights and obligations.

We have set up the Saskatchewan Public Sector Price and Compensation Board, chaired by Judge Ernest Boychuk, to administer the guidelines as they apply to the compensation of provincial and local government employees, including Crown corporations, schools and hospitals and to public sector prices, fees and charges.

And in this Budget, Mr. Speaker, we tackle head-on the question of restraint in public spending. The results as you will see reflect a level of responsible restraint not matched at the federal level based on the Estimates recently tabled in the House of Commons.

Now, one might naturally expect that the Government's efforts to control spending would receive unqualified support from the benches opposite. After all, both Opposition parties pay lip service to the need for restraint to combat inflation. But, Mr. Speaker, actions speak louder than words. Let us look at the record of the Opposition Members and see how sincere they are in their pleas for reduced spending.

During the last session of this House, more than 25 resolutions were put on the Order Paper by Opposition Members. They were wide-ranging resolutions covering topics as diverse as Crown corporations, elevator abandonment, the court system, the potash industry, nursing homes and fishing camps in northern Saskatchewan. They dealt with the Automobile Accident Insurance Act benefits, financial relationships with municipalities and the licensing of farm trucks. They urged repeal of The Gift Tax Act, repeal of Bill 42 and repeal of certain sections of The Proceedings Against the Crown Act.

Mr. Speaker, these were not resolutions designed to attack the problem of inflation. Nor were they designed to curb government spending. No, Mr. Speaker, the cumulative effect of these resolutions would have imposed on the taxpayers of Saskatchewan an additional burden of $300-$400 million.

Despite the hypocrisy of these cries for more programs yet less spending, this Government has taken a close look at program operations and has been able to effect some economies. If we compare the revised level of expenditure for the current year with the proposed budget for 1976-77, the increase is $134 million or 11 per cent. That same level of service could be provided with a modest 11 per cent increase is remarkable. This is simply equivalent to the increase in the consumer price index in the past year. But, as the Budget will reveal, this was achieved not by an arbitrary, across-the-board slash, but by selective, if stringent, reductions made with care.

There were areas where increases could not be held to 11 per cent without shifting the burden of rising costs to local ratepayers or students. I refer to:

School Grants - up $28 million or 20 per cent.

Health Budget - up $69 million or 25 per cent.

Universities - up $8 million or 14 per cent.

There were programs which had to be enriched to regain a necessary level of service:

Capital Grants to Schools - up $3.6 million or 41 per cent.

Highways - up $20.6 million or 20 per cent.

Universities - Capital - up $9.9 million or 165 per cent.

When you eliminate the areas where increases could not be held to 11 per cent, the projected increase in all other segments of the budget is eight per cent. How was this accomplished at a time when salary settlements are well in excess of eight per cent and when new programs are being added in essential areas such as rent control, transportation and housing?

By selective cuts that will induce greater productivity in the public service; by cutting back the personnel establishment of departments to levels below 1975-76; and

By introducing economies into every aspect of our spending program.

This, Mr. Speaker, is responsible restraint.

The kind that sets an example for others to follow. It will allow economic growth to continue and our high levels of employment to be maintained.

I have already referred to the failure of the Federal Government to deal effectively with professional incomes. We cannot support a system of controls that imposes a burden on low and middle income workers while those at the upper end of the scale are untouched. Later in this address I will be announcing a tax measure which will strengthen the federal income surtax and will ensure that high income earners in Saskatchewan contribute their share to the anti-inflation effort.

Mr. Speaker, we are doing our part to make this national effort a success. Inflation attacks the living standards of those on low and fixed incomes. It erodes the value of savings. It reduces the value of pensions for those who have retired or are about to retire. It creates economic and social chaos. It adds uncertainty to the present and compounds the problem of planning for the future. In the best interest of the people of this province and of this country, inflation must be controlled.

While we continue to urge the Federal Government to make its program more effective and more equitable, we have not hesitated to take those steps which we are convinced are required to meet this challenge.

At the outset, Mr. Speaker, I referred to two imperatives which shape this Budget. I have dealt with the first - inflation. Let me turn now to the second: our need to develop a stable, secure and rewarding economic future for the people of Saskatchewan.

This is not a new objective. It is not exclusive to this Government. What I believe to be new and exclusive to this Government is our commitment to long-range planning to achieve that objective.

We recognize that many persons in today's society are forced to live from payday to payday but it is certainly irresponsible for governments to adopt that attitude and to live from budget to budget as though each fiscal year were an end in itself.

Those of you who may have followed the budget presentations in the past four years will have noticed that they followed a common theme. Last year the Hon. Wes Robbins traced this theme from its beginnings in 1972 when Premier Allan Blakeney set forth the priorities, through 1973 and 1974 when the orderly and balanced development of the program was articulated, to 1975 which represented the fulfillment of that aspect of our program.

Mr. Speaker, that was Phase One in the New Democratic Party's plan of action to work with the people of Saskatchewan to achieve a stable, secure and rewarding economic future. We are now embarking on Phase Two of that plan.

The commitment of this administration is to a plan of action - not just for this year, not just for this term of office - but to action which will ensure for future generations the right to manage and control their destinies.

Nowhere is this commitment to planning more evident than in the management of the finances of this province. The 1974-75 Public Accounts which were tabled earlier this year show budgetary cash inflows of $989.2 million and budgetary cash outflows of $965.9 million. This resulted in a net cash increase of $23.3 million on our 1974-75 budgetary transactions, bringing the cumulative cash carry-forward to $88.6 million at March 31, 1975.

In addition, Mr. Speaker, $179 million in oil revenues was deposited in the Energy and Resource Development Fund.

Mr. Speaker, this is sound financial management.

We have recognized the need to build up a cash reserve during a period of economic prosperity and we have done so.

We have also recognized the importance of developing our resources for the future and have placed these additional oil revenues in a special fund for this purpose.

In the budget presented one year ago, budgetary cash inflows were estimated at $1,143.7 million and budgetary cash outflows at $1,140.6 million. Further estimates raised the estimated cash outflows to $1,148.8 million.

We currently estimate that budgetary expenditures will reach $1,195 million, an increase of about four per cent over the original estimate. Budgetary revenues are now expected to reach $1,196.5 million.

We expect Education and Health Tax receipts to exceed the estimated level by $9 million, reflecting a relatively high level of capital construction and a modest increase in retail sales.

Individual and corporate income tax receipts will likely exceed the estimate level by $44 million.

On the other hand, mineral resource revenues are expected to fall $46 million below the estimate, due to the large amount of unpaid potash taxes and a decline in oil production. As of March 1, 1976 the potash companies have failed to pay about $30 million due in taxes, according to our calculations. If the present situation regarding potash taxes continues, we could experience a budgetary deficit in the current fiscal year.

Mr. Speaker, there are many elements to be considered in evaluating the financial record and position of a government. Among these, debt structure is considered to be one of the most important - not only the amount of debt outstanding but the purpose for which it was incurred.

Over the past 20 years, 18 annual budgets have been balanced. Only in two years did we experience small deficits.

At the same time, successive governments in this province have included as current budgetary expenditures such standard capital items as highways, public buildings, agricultural facilities and park development. This meant that we have traditionally financed major capital expenditures out of current revenues. In part because of this, the most recent figures available show that Saskatchewan's per capita debt, including the debt of Crown corporations and agencies, is the lowest of any provincial government in Canada.

Moreover, Mr. Speaker, 95 per cent of our funded debt has been borrowed to finance self-liquidating public enterprises such as the Saskatchewan Power Corporation and Sask Tel.

Saskatchewan's financial position has been strong for many years - a fact that has not gone unnoticed by bond purchasers in Canada. The credit rating of the province is excellent as reflected in the lower cost of money to Saskatchewan compared to all but two of the other nine provinces. Our sinking fund policy has also improved the marketability of our Saskatchewan bonds.

Although our capital needs in the past have been relatively modest, they have been increasing because of active development in new areas and cost increases due to inflation. In 1973-74 we borrowed $80.4 million compared to $130.4 million in 1974-75. To date in the current fiscal year we have borrowed $213 million, the major portion of which was for power and telecommunications. This includes a recent $75 million issue which will be finalized on April 1.

Mr. Speaker, because of the sound policies that have characterized the management of this province's finances, we are now in a position to exert some influence on the development of our resources to ensure that the benefits accrue to the owners of the resources - the people of Saskatchewan.

Mr. Speaker, because this is such an important issue both for the people of this province and their children, I will briefly review our policies in resource development.

Concern about unplanned exploitation of resources is not unique to Saskatchewan nor to the New Democratic Party Government. Governments of all political persuasions in all parts of the world have been rethinking their resource policies. The cornerstone of this Government's resource development policy is the right of the people of Saskatchewan to receive their fair share of benefits from the development of their resources. This policy can further be defined to include:

An adequate level of returns to the people of this province as owners of the resources;

Maximum employment opportunities for Saskatchewan workers;

Distribution of economic activity more evenly across the province;

Conservation of scarce resources for future generations; and

Orderly development over the long term so that resources play their full part in securing Saskatchewan's economic future.

Mr. Speaker, today we recognize the need for sound conservation policies to protect the interests of future generations. There are limits to economic growth and our natural resources are not limitless.

There is also a growing awareness of the importance of environmental considerations and we have made significant progress in developing a broadly-based environmental protection program.

The question of returns to the public for the exploitation of resources has assumed even greater importance in view of spectacular increases in the price of some mineral commodities in the past two years. It has been our policy to secure for the public the economic rent from the increase in resource values, together with a reasonable proportion of ordinary revenues.

We fully recognize that private capital invested in Saskatchewan must have a reasonable opportunity to earn an adequate rate of return on investment. But we do not accept the proposition that private entrepreneurs should be the sole beneficiaries of higher prices for mineral commodities.

When the value of mineral resources increases, the increased value attaches to the mineral in the ground. Therefore, the major share of the increase should accrue to those who own the mineral in place and not to those who have a lease to remove it.

On this basis we enacted Bill 42 to make sure that a major share of the increase in the value of oil would come to the province. The Federal Government intervened with a tax change that disallowed the deductibility of royalties from taxable income.

We have now reviewed our royalty program and made adjustments to correct some anomalies in existing royalty structures and to take into account federal taxation policies. In this process, the oil industry co-operated with us in reviewing royalty schedules and structures to arrive at an acceptable program. Oil companies disclosed financial information to us for purposes of analyzing the royalty structure. The result has been a royalty structure acceptable to the industry and to the Government.

A similar process id taking place in uranium. Royalty proposals have been discussed in detail with the industry and a useful dialogue has taken place. I am confident that we will achieve a royalty structure which will be acceptable to the Government and to present and potential uranium producers.

In potash the story is different. After a period of 12 years in production, the potash industry has extracted $1,650 million in potash but had paid only $170 million in royalties and other revenues to the province. A mere 10 per cent.

We have attempted to work out a revised tax structure in consultation with the potash industry. The stand taken by the industry is well-known. Not only has the industry withheld financial information but it has also withheld taxes owing to the province; it has withheld reports on potash production, has indicated its intention to fight every attempt by this Government to collect a fair share of the potash values for the people of Saskatchewan and has declined to expand production.

Mr. Speaker, it was this impasse which demanded decisive action by the Government. We therefore moved to repatriate control of the potash industry and to reclaim our heritage. We are proceeding along this course.

Mr. Speaker, the wisdom of this Government's potash policy will not be proved or disproved by the narrow defenders of corporate power who sit opposite. It will be proved by the real and tangible benefits which it will bring to all the people of Saskatchewan in the decades ahead.

Mr. Speaker, I have dealt at some length with what I have termed two imperatives which shape this Budget:

* an effective response to the urgent need to control inflation
* responsible fiscal and resource management consistent with our opportunities for future economic development.

It follows that this is not an expansionary budget. Every expenditure proposal has been examined and re-examined to concentrate on what is necessary and eliminate that which is not. But, while it is not an expansionary budget, neither is this a budget of retrenchment. Restraint, yes, Austerity, no. An examination of our key budgetary proposals will demonstrate this fact.

Let me turn first to our most import industry - agriculture.

From 1971 to 1975, we introduced programs to help meet the cost-price squeeze. We encouraged diversification to provide greater stability. These efforts combined with the rise in grain prices have paid off. In 1975 the net farm income exceeded $17,000 per farm, up from the 1970 level of just over $3,000. But farmers continue to be threatened with income instability.

In 1974 when the price of feeder cattle plummeted and cow-calf operators were experiencing cashflow problems, we introduced the Cow-Calf Cash Advance Program. In 1975, the second year of the program, more than 14,000 farmers took advantage of the program, borrowing some $42 million. The situation is beginning to improve somewhat; feed prices are lower and cattle prices are expected to rise in the fall of 1976. Because of this improvement, we anticipate that no further advances under this program will be necessary.

Through FarmStart we are providing grants and low interest loans to beginning farmers. In the coming year 800 loans will be made available.

Mr. Speaker, as promised in New Deal '75, we are initiating a program to assist in the construction of locally-owned co-operative seed cleaning plants. Next year we will provide $300,000 to help build new plants.

We will continue to work with the Federal Government to establish a comprehensive farm income stabilization program. To demonstrate our commitment to the development of income stabilization plans, $1 million will be provided in the Estimates.

Mr. Speaker, this Government recognizes the need to maintain levels of service and to improve the quality of life in all urban centres in Saskatchewan.

* to make smaller Saskatchewan communities attractive and well developed places in which to live;
* to ensure that people have a choice of life style with reasonable levels of amenities; and
* to improve the quality of life in our larger centres.

In our first term, provincial aid to municipalities increased by more than 1,600 per cent compared to 1971.

The next four years will see the consolidation and improvement of this assistance.

What does this mean for 1976-77? First, grants for police services will be increased by more than $1 million to reflect increased costs. Second, we will provide greatly enriched loans to our industrial towns. $1 million will be available in 1976-77 to help these centres meet the demands of their growth. Third, to ease the burdens of property taxpayers, the Property Improvement Grant Program will be continued at an estimated cost of $42.5 million.

To maintain and improve the type of life in Saskatchewan's smaller communities, two new programs will be introduced in 1976-77.

The Rural Community Business Retention Program is designed to preserve viable retail services in small rural communities. The program which will be operated by the Department of Industry and Commerce and supported by SEDCO, will simplify the transfer of owner-managed businesses on the retirement of the owner.

You will be asked to provide funds for a Main street Program to assist communities on a cost-shared basis to modernize their business districts. This program will be offered to towns with a population of 2,000 or less.

In response to urban problems and the need to revitalize older residential areas of our cities and our towns, over $1 million will be appropriated for the Neighborhood Improvement Program for use in 29 designated centres.

Major provincial office facilities are being developed or planned in Regina, Saskatoon and Prince Albert and Swift Current to assist in strengthening the downtown cores of those cities.

Mr. Speaker, although Saskatchewan is still basically rural, two-thirds of our population now lives in urban centres. In the last four years we introduced major increases in urban financial assistance - the $20 per capita unconditional grant, expanded grants for police services, equalization grants, greater assistance for sewer and water, major new housing programs and the $75 per capita Community Capital Fund.

Mr. Speaker, the safe and efficient movement of people and goods is vital to the economic and social development of this province. It depends to a considerable extent upon the well-designed, well-maintained highway system. For the coming year we have budgeted $59 million for capital construction and upgrading of the southern highway facilities. This will include improvements on the major interprovincial connectors, substantial upgrading of the highways that serve local and regional needs, and work on other projects like industrial access and timber haul roads.

We have budgeted $13 million for northern provincial highways. Major improvements will be made to each of the three main routes into the North. In particular, Mr. Speaker, I am pleased to announce that this summer's construction season will see the completion of all paving between Prince Albert and that important northern centre of La Ronge.

In addition to these expanded construction programs, $35 million will be provided for highway maintenance.

Mr. Speaker, I am pleased to announce, the successful completion of the market road grid system launched just 20 years ago by the CCF government. This basic rural network now consists of more than 16,000 miles of all-weather gravel roads serving the transportation needs of rural Saskatchewan.

Progress continues on the main farm access system. This year will see the construction of over 1,100 miles of main farm access roads. Included in the more than $20 million budget for the Municipal Road Assistance Authority is $1 million for the super-grid program.

Our transportation system of course includes more than highways and rural roads. In 1976-77 we will provide almost $9 million in urban transportation assistance, and another $3.5 million in air transportation projects.

We will also promote safety on our streets and on our highways. It is estimated that if all motorists used seat belts, as many as 100 lives could be saved in this province in one year. In 1976-77 we will participate with the Federal Government in a public education campaign promoting the use of seat belts.

We are setting up the Saskatchewan Transportation Agency to provide leadership in solving the transportation problems facing this province. Of primary concern are the related questions of freight rates and rail line abandonment.

Mr. Speaker, one of this Government's greatest achievements has been the economic and social development of the northern half of the province. The people who live in the North have placed their faith in this Government and in its programs.

Mr. Speaker, what did we find in the North when we came into office? A neglected education system, massive reliance on social assistance and no effective program of community development. Let me take a moment to review what has been accomplished in four years.

In northern education we have made great progress. In 1970-71 the former administration provided just over $2 million in operating grants to northern schools. This year, Mr. Speaker, we have budgeted more than $6.5 million for this purpose.

Capital construction of education facilities will require almost $6 million compared to a total of $1 million in 1970-71.

Reliance on social assistance in the North has declined, Mr. Speaker, dramatically. In 1973-74 we spent $3.9 million on Saskatchewan Assistance Plan payments in the North. This was a legacy from our predecessors who were Liberal only in their tolerance for unemployment.

Within a year we reduced this to just over $2 million. We expect 1975-76 expenditures to be less, even though benefits have been increased substantially. In the next fiscal year we will ask this Legislature to approve $1.8 million for this purpose. A dramatic reduction. Mr. Speaker, this represents a drop of about 43 per cent in our Saskatchewan Assistance Plan caseload in the North since 1973.

Equally noteworthy are our achievements in community improvements. By the end of March almost 400 public housing units will have been completed in the North. Next fiscal year we shall make a start on a further 165.

Sewer and water systems have been constructed at Weyakwin, Buffalo Narrows, La Loche, Sandy Bay and Cumberland House. Disposal systems for Green Lake and Ile-a-la-Crosse have been improved and major new construction is planned in La Ronge.

Mr. Speaker, I could go on to mention roads, airfields, health centres, our dental program, community college development and many other areas of outstanding success. We invite comparison between our achievements and those of any other province or territory in Canada.

Mr. Speaker, I want to turn now to our programs in health, education and other services to people.

The federal Government's proposed cutbacks in medical and hospital funding are threatening the provision of health services in Canada. Many provinces are being forced to close hospitals and reduce available hospital beds to the people. The challenge is how to exercise fiscal restraint while continuing to deliver the high quality of health care expected by the people of Saskatchewan. Many of our new programs will be strengthened to meet the needs of the public. These include the Saskatchewan Hearing Aid Plan, Saskatchewan Aids to Independent Living (SAIL), and the Saskatchewan Dental Plan.

The Saskatchewan Prescription Drug Plan, which has already earned widespread acclaim for its provision of high-quality low-cost prescription drugs, will enter its first full year of operation. Although responsible restraint will be exercised in the hospital sector, necessary major improvements will go forward. For example, the Government will spend approximately $11 million in 1976-77 for further construction at the University Hospital in Saskatoon. When completed, this project will dramatically improve delivery of hospital services in Saskatoon and northern Saskatchewan.

In Regina, $1 million will be spent in the coming year to complete detailed planning for renovation of the Regina General and Pasqua hospitals.

Mr. Speaker, a neonatal unit to be established at the Regina General Hospital will become a referral centre for the high-risk newborns in the southern half of the province, complementing the unit at the University Hospital which will serve the northern half.

In 1976-77 health services for senior citizens will be expanded at both the community and hospital levels. Additional chiropodists will be hired to treat the foot problems of the elderly. A new geriatrician bursary program is being set up to train highly-qualified physicians in the health care of our elderly. Additional nursing staff will be hired to visit the elderly and handicapped in their communities to assist in their rehabilitation and the use of mobility aids. Mr. Speaker, I am proud to announce that the Health budget for Saskatchewan for 1976-77 continues the tradition of superior health care for the people of this province.

Mr. Speaker, in social services we are seeking to provide maximum relief to those in the greatest need. We are concerned about the rapid increase in the cost of institutional care, particularly in the case of special care homes. So that we may reassess this situation, we are searching for economies in the present system, and examining alternatives to institutional care. Meanwhile, residents in special care homes are faced again with rising costs. To meet this problem we will increase the subsidies paid to residents of special care homes to about $4 per day for Level II and $12 per day for Level III.

Since its introduction in 1974, the Family Income Plan has provided benefits to well over 21,000 families per month. This year the basic income exemption level will be increased to $5,550 per annum, making benefits more accessible to low income families. New eligibility criteria will eliminate from the program those with substantial assets.

Mr. Speaker, the caseload of the Saskatchewan Assistance Plan has maintained a steady decline. From September, 1973 to September 1975, the caseload decreased by 19 per cent, while the number of persons receiving assistance decreased by a dramatic 35 per cent over the same period.

Mr. Speaker, this trend reflects the success of the employment support programs and improved employment opportunities in Saskatchewan. However, the Federal Government's decision to discontinue LIP and other programs may reduce the number of employed in the province. For those persons who do require assistance. Mr. Speaker, support levels have been increased to reflect the increase in the costs of food and shelter.

Mr. Speaker, I would now like to tum to the Day Care Program. The past two years' experience with day care has reflected the inadequacy of the existing level of funding. As a result, day care centres have had great difficulty in meeting operating costs through fees. In the coming year we will increase start-up grants by 100 per cent. Existing day care centres will receive a one-time only $100 per space grant in 1976-77 to relieve their financial situation.

In order to provide greater relief for the parents requiring assistance, the maximum day care subsidy will be raised to $100 per month.

Other changes in income definition and exemption levels will make day care subsidies available to more families. Once again, Mr. Speaker, Saskatchewan maintains its leadership in providing services to people.

In 1974, Premier Blakeney announced the establishment of a matching grant for international aid. Mr. Speaker, in this Budget we have provided $1.25 million for this worthy program.

Mr. Speaker, I would like to tum now to a question the Government considers of fundamental importance, that is the status of women in Saskatchewan.

Although International Women's Year has drawn to a close, we reaffirm our commitment to the principle of equal treatment of men and women, of equal opportunity, of equal pay.

We have established within the Department of Finance a Career Development Office whose primary function will be to develop programs to enhance the position of women in the Saskatchewan Public Service and Crown corporations.

Special attention will be given to career counselling and training programs to upgrade the skills of women already employed in the government and to attract women to senior government positions. This office will co-operate closely with the Public Service Commission and Crown agencies.

In addition, we are establishing within the Department of Labour a new Women's Division to research, educate and inform and to investigate matters related to women in the workforce. It will replace the existing Women's Bureau and will provide services to the government and the private sector. Mr. Speaker, practical effect to the principles of equal social justice for all. We invite all citizens of Saskatchewan to join with us in this worthwhile effort.

Mr. Speaker, we are proud of our record in education.

In this Budget we reaffirm our commitment to providing the level of support necessary to create a wide range of educational opportunities for all Saskatchewan children.

In 1976-77, operating grants to schools will increase by $27.8 million. This means we will pick up almost 70 per cent of the annual increase in school costs. In total we will continue to pay 58 per cent of school board operating expenses directly through provincial operating grants. We are budgeting $11.9 million for capital grants to enable expanding school districts to build new schools and to enable smaller schools to build new facilities.

Mr. Speaker, operating grants to the universities have grown from under $36 million in 1972-73 to $56 million last year. This has been a period of growth and improvement in the university sector in contrast to the confrontation which occurred under the previous administration.

In establishing an operating grant for 1976-77, we have concluded that the university sector, like the rest of the economy, must now be expected to enter a period of some consolidation. Accordingly, provincial funds are being provided at a level sufficient to maintain current programming levels. The operating grant for 1976-77 is $64 million, a 14 per cent increase over the previous year.

This level of grant will enable the universities to continue to provide quality education within the context of the need for overall fiscal restraint.

At the same time, Mr. Speaker, the government has recognized the need for university capital improvements. The capital grant for 1976-77 is nearly $16 million. This will, however, enable the universities to proceed only with high priority construction and renovations.

Mr. Speaker, Saskatchewan has a progressive library system which services the needs of all residents in the province. I am pleased to announce that grants to regional and municipal libraries will be increased by 25 per cent in the coming year.

Mr. Speaker, I am proud to announce major new initiatives in the area of housing. Since 1973 we have introduced a provincial Housing Corporation and a large number of housing programs. Three new programs will be introduced this year.

There will be a substantial new emphasis on the assembly and development of land for residential purposes. Expenditures for this program will almost triple, from $4.55 million in 1975-76 to over $12 million. A further $23 million will be committed to help our towns and cities assemble and service land for the use in the next three years.

Land prices have increased sharply, particularly in Regina and Saskatoon. The growth of our economy has created enormous pressures on urban housing supply. The expanded Land Assembly and Development program is aimed at the root of the problem, the shortage of serviced lots.

This program will be administered in partnership with local governments. We will give them an opportunity to determine the shape and the form of their future development and their future growth. It will have the added benefit of enabling small contractors to share in the high level of construction activity anticipated in the years ahead.

Mr. Speaker, I am pleased to announce an $18 million program of loans for the construction of 600 units of nonprofit housing in Saskatchewan over the next two or three years.

This program will bring together many groups in a joint effort to provide good housing at reasonable costs.

Our third new initiative is in the area of Co-operative Housing. Saskatchewan has a proud history and long experience in co-operatives. Through this program we will apply that history and that experience in meeting the current needs in the housing area. In addition to the successful Building Co-operatives Program, we will expand to at least 350 units in 1976-77 and we are establishing a program for other co-operative groups to develop the organization, find the financing and learn the techniques they need to form successful housing co-operatives.

The Rural and Native Program will expand to 250 units, while it is estimated that some 1,000 grants will be made available for rehabilitation of existing housing.

Mr. Speaker, in 1970, in this province, we had no housing program. The housing construction was in its most serious slump in decades. In less than five years this Government has put in place one of the most effective provincial housing programs in all of Canada.

Mr. Speaker, just look at the figures. In 1970, a disgraceful 1,700 housing starts over a full 12 month period. Last year, a record of 10,250 starts - six times as many.

In housing, Mr. Speaker, we are proud of our record.

Mr. Speaker, I turn now to consideration of our tax policies.

Last year we provided personal income tax reductions of $100 for each taxpayer in Saskatchewan. I am pleased to announce that this progressive tax cut will be repeated again for 1976.

This will mean a saving to the taxpayers of Saskatchewan of $32 million.

In December the Federal Government announced a temporary 10 per cent income surtax for 1976 on high-income Canadians. Saskatchewan had pressed the Federal Government to levy a tax on excessive increases in professional income as an essential component of the Anti-inflation Program. In our view the surtax does not go far enough. It only affects those with taxable incomes over $30,000. For a taxpayer claiming a spouse and two children, earning $40,000, the surtax is less that $200, Mr. Speaker.

Mr. Speaker, government restraint, such as the freezing of federal family allowance payments, will hit the low and middle income Canadians the hardest. Wage earners across Canada are being told to make sacrifices by restricting their demands for increased incomes. The feeble federal income surtax simply does not balance the sacrifice being demanded of the general majority of Canadians.

Mr. Speaker, for this reason, we will introduce a provincial income surtax to supplement the federal measure. The surtax will amount to 10 per cent of provincial income tax in excess of $1,500. For a taxpayer with a spouse and two children, the surtax will affect those whose income is more than $21,185. The provincial surtax will equal $100 income tax cut at an income level of $28,600; above this level the surtax will exceed the tax cut.

For instance, at an income of $50,000 the surtax will be $422. With the 1975 tax cut, the net tax increase will be only $322. Mr. Speaker, this surtax, coupled with the $100 tax cut, will give Saskatchewan one of the most progressive provincial income tax structures in Canada. Our income tax rate continues to be 40 per cent of basic federal tax but after the effects of the surtax and the tax cut are considered, the picture is quite different.

For a taxpayer, with an income of $7,000, claiming a spouse and two children, the effective provincial tax rate is only 6.4 per cent of the basic federal tax; at $10,000, the effective rate is 28.9 per cent; at $20,000, the effective rate is 37 per cent and at $50,000, the effective rate is 42.3 per cent.

We expect this surtax to yield an additional $4 million for 1976 taxation year. Mr. Speaker, inflation is the central focus of this Budget, and rightly so. I will now review the steps taken by this Government over the past four and one-half years to reduce the impact of inflation on those whom it hurts the most, because of the low-income earners, the elderly or those on fixed incomes.

We eliminated the hospital and medical care premiums at a saving to each family of $72 a year an $18.5 million tax cut. We increased Property Improvement Grants by $130 over the old Homeowner Grant for urban residents.

The increase for farmers is higher at $260. This year, Property Improvement Grants will return $42.5 million to the taxpayers.

We launched the Family Income Plan to assist low-income working families with children, at a cost of $21 million in the current year.

We introduced unconditional per capita grants to municipalities, representing property tax savings of $80 a year for the average family. Add to this: Senior Citizens Home Repair grants, House Building Assistance grants for families of low and middle income, the Hearing Aid Plan, the Prescription Drug Plan and SAIL and you have a package of benefits which have eased the burden of rising prices for those at the lower end of the economic ladder in a practical and effective way.

Because inflation strikes hardest at those on low or fixed incomes, we have provided supplementary benefits to former employees whose pensions are being eroded by rising costs.

Mr. Speaker, our performance in reducing the impact of inflation on those least able to raise their incomes is unmatched in Canada. Two tables that appear in the printed Speech certainly illustrate the benefits provided to persons on lower and fixed incomes.

Mr. Speaker, let me now tum to other areas of tax policy.

In 1974 the Federal Government disallowed the deduction of provincial royalties as a business expense in the calculation of corporate income tax. The Government of Saskatchewan viewed this action as a direct challenge to provincial ownership and control of natural resources. It was a clear case of double taxation which caused considerable hardship to the resource industry in Saskatchewan.

To lessen the financial burden of the non-deductibility of provincial royalties, this Government announced major changes to simplify and reduce provincial royalties on oil. In addition, the Saskatchewan Royalty Tax Rebate was established to ensure that royalties will continue to be deductible for provincial income tax purposes.

In its June 1975 Budget, the Federal Government partially altered its policy towards royalties for corporate income tax purposes. In the 1976 taxation year, resource companies will be permitted to claim a resource allowance. This allowance is equal to 25 per cent of net income after operating costs and capital cost allowance.

Amendments will be introduced later in this Session to ensure that the Saskatchewan Royalty Tax Rebate continues to approximate the situation that would have existed if provincial royalties were fully deductible for corporate income tax purposes.

In 1974 following the federal-provincial oil agreement, the well-head price of oil increased to $6.50 per barrel. This resulted in an increase of approximately seven cents a gallon in the retail price of gasoline. We acted to cushion Saskatchewan consumers from the increase by reducing the tax on gasoline and diesel fuel by seven cents and five cents respectively.

Since that time the costs of constructing and maintaining our highway system have escalated enormously. To ensure that road users bear a fair share of these higher costs, the gasoline tax will be increased by three cents per gallon and the tax on diesel fuel will be increased by five cents per gallon effective midnight tonight. The greater increase in the diesel fuel tax will widen the differential between the two rates so that diesel fuel users will pay about the same rate of tax per mile as gasoline users.

Higher gasoline prices will encourage conservation of this depleting resource. Notwithstanding this tax increase, Saskatchewan will continue to have the second lowest gas tax rate in Canada.

This tax change will yield approximately $11.6 million in additional revenue in the coming fiscal year.

Saskatchewan’s tobacco tax rate is also the second lowest in Canada, one cent higher than the rate prevailing in British Columbia and Alberta. In fact, our current rate is about one-third of that in Newfoundland.

Effective midnight tonight, the tax on cigarettes will be increased by six cents, from nine cents to 15 cents per package of 25 cigarettes. The current tax rates on tobacco and cigars will remain unchanged. It is estimated that the increased tobacco tax will yield an additional $4.8 million in 1976-77.

Mr. Speaker, later in this Session we will introduce amendments to The Gift Tax Act to extend the once-in-a-lifetime gift exemption to small businesses. The exemption will be retroactive to January 1, 1976.

Mr. Speaker, I shall now summarize our revenue structure and fiscal position for 1976-77.We expect the education and health tax receipts to reach $172 million in the coming year.

Higher taxes for gasoline and diesel fuel will raise gasoline tax receipts to an estimated $61.1 million.

For 1976-77 individual income tax receipts are expected to reach $256.4 million, an increase of $54 million over the anticipated 1975-76. Corporate income tax receipts based on a continued deductibility of royalties as an income tax expense are estimated at $43.6 million.

Petroleum and natural gas revenues are estimated at $61.4 million, while a further $140 - $170 million will be deposited in the Energy and Resource Development Fund. Any further restrictions by the National Energy Board on Saskatchewan exports of crude oil to the United States could reduce these revenue estimates.

We maintain that the current level of potash tax in Saskatchewan is both fair and reasonable.

Mr. Speaker, revenues from this source for 1976-77 are estimated at $118.2 million.

Equalization receipts including adjustments for prior years are expected to reach $91.5 million, while revenue guarantee payments are expected to raise to $30.4 million. Total receipts from other governments are estimated at $369.6 million, an increase of $36.9 million over anticipated level of last year.

Receipts from government enterprises and from other funds, including the Saskatchewan Liquor Board, Saskatchewan Telecommunications, Sask Power are expected to increase to $111 million.

Mr. Speaker, I will now summarize our fiscal position for 1976-77.

We anticipate budgetary cash inflows to reach $1,330.2 million. Budgetary expenditures are estimated at $1,328.2 million, an increase of 11 per cent over our revised 1975-76360 March 24, 1976estimate. As a result, we anticipate a nominal cash carry-forward of $2 million. The cumulative cash carry-forward at the end of 1976-77 is expected to reach $92.1 million.

That, Mr. Speaker, is our Budget for the year 1976-77.

I predict that some Hon. Members will oppose it. I can also predict that they will oppose it on three grounds, Mr. Speaker, namely that taxes are too high, that the level of services to be provided is too low, and that the restraint on spending is insufficient. That it is completely illogical to mount all of these criticisms simultaneously will not particularly trouble them, Mr. Speaker. But the lack of consistency in their arguments will not be overlooked by the people of Saskatchewan.

Mr. Speaker, a budget is not simply an accounting exercise, it is the financial expression of a plan. That plan must provide leadership not only in meeting of the needs of today but also in anticipating the needs of tomorrow.

The real test of a budget is how adequately it faces the challenge of long-term needs and external economic factors over which we have little control.

Mr. Speaker, this Budget meets the test of time, this Budget is a responsible budget, it is a test of responsible leadership.

It meets the needs of restraint in public spending to help control inflation. Not by arbitrarily closing hospitals and ending essential services, nor by preaching restraint while allowing expenditures to go almost unchecked.

This Budget, as I described it earlier, is a budget of restraint, but not of austerity. It provides for the maintenance of the present services and for a careful extension of key new programs.

This is responsible leadership.

This Budget reaffirms our confidence in the social and economic future of this province, a future which is based on sound policies of financial and resource management, dedicated to the interests of the people of Saskatchewan.

Mr. Speaker, I now move, seconded by my seatmate, the Minister of Northern, Saskatchewan (Mr. Bowerman) that this Assembly do now resolve itself into Committee of Finance