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| ***Province*** | ***Législature*** | ***Session*** | ***Type de discours*** | ***Date du discours*** | ***Locuteur*** | ***Fonction du locuteur*** | ***Parti politique*** |
| Saskatchewan | 19e | 3e | Discours sur le budget | 5 mars 1981 | Edwin Tchorzewski | Ministre des Finances | Saskatchewan New Democratic Party |

Mr. Speaker, it is my pleasure to rise in this Assembly today to present the 1981 budget for the province of Saskatchewan. You will recall that last year when I gave the budget address, I used a lectern which I indicated to the House had been built by a constituent of mine who was a farmer from Watrous. I am very happy to indicate to the House that today I am using a lectern that was built by Futuristic Industries which is a workshop for the handicapped in the town of Humboldt. Since this is the International Year of Disabled Persons, I am happy to use this lectern in delivering this budget address.

Mr. Speaker, we have just concluded an outstanding year. Celebrate Saskatchewan, the year of our 75th anniversary was an occasion in which all Saskatchewan people drew closer together as a community. Over 800 cities, towns, villages and hamlets throughout this province celebrated our anniversary with more than 3,500 reunions, homecomings, tournaments, rodeos, parades and fairs. And the response was overwhelming. Over 7,000 people served as committee members. Many thousands more gave their enthusiastic assistance and almost everyone in Saskatchewan attended or in some way took part in those events. Our celebration reminded us that much has been accomplished in the past 75 years. It reminded us that working together, our people have created a sense of community which is Saskatchewan's greatest heritage. Times and challenges have changed but the spirit of community, which has made life in Saskatchewan both a success and a pleasure, is alive and well today. It is reflected in the people of this province. It is reflected in the social and economic institutions that they have built and supported. Mr. Speaker, this spirit of community is reflected in our budget for 1981.

In a few minutes I will announce our plans for the continued development of Saskatchewan's growing economy. I will also announce an impressive package of social programs which will enrich and improve the quality of our community life. To help Saskatchewan families cope with rising prices and high interest rates, I will announce a reduction in taxes by Saskatchewan people.

But first let me revise the broader context in which this budget was prepared. Mr. Speaker, when I delivered my first budget speech last March, I spoke of the serious structural problems contributing to Canada's poor economic performance. I spoke of the high interest rate policies of the federal government and how those policies were impairing the investment opportunities that are necessary to create jobs and to control inflation in Canada. I spoke of the special hardships that federal interest rate policies impose on farmers, on small businessmen, on home buyers and on families renewing their mortgages. A year later we can see the results of those policies - a damaging national recession and high unemployment - and yet we have not seen the decline in inflation that was promised in exchange for the burden imposed by high interest rates.

A year ago I also spoke of the uncertainty facing Canadians because of the lack of economic leadership from our federal government. In its October 1980 budget, the federal government warned the Canadian people that the state of the national economy would get even worse. Canadians were told that unemployment will rise, that inflation will increase, that economic growth in Canada will remain stagnant, and that the commitment to high interest rate policies will continue.

Mr. Speaker, Canadians deserve better. The people of Canada are entitled to national action and national leadership which will help our country realize its great economic potential. The federal budget did not provide that action or that leadership. It increased rather than resolved the insecurity and the uncertainty of Canadians. Furthermore, the major part of the federal budget, the national energy program, will not bring Canada energy security or the jobs and income that continued resource development in the West can provide to all Canadians. We in Saskatchewan have offered what we believe is a positive and a workable approach to Canada's economic problems.

If Canada is to attain its fully economic potential, it must undertake productive capital investments. A strong western economy will help put all of Canada out of its current economic slump. The solution to Canada's economic problems must lie in building vigorously on our strengths, rather than pursuing policies which accentuate our weaknesses.

Mr. Speaker, I have discussed some of the impediments to economic growth in this country, caused in party by the policies of our national government. I am also very concerned about the worsening of relations between federal government and the provinces. Contrary to the history and the spirit of co-operative federalism in Canada, the federal government has chosen to act unilaterally in dealing with the provinces on fundamental issues ­issues such as constitutional review, energy security, and federal-provincial cost-sharing arrangements. Confrontation among governments is disruptive and creates an unstable economic climate. The ill-conceived national energy program has created such a confrontation. This program is unjust; it is unfair and damaging tour economy, and it is unacceptable as it stands.

Let me review our concerns. The Government of Canada will take a larger share of Saskatchewan's oil and gas revenues than it takes from Alberta or British Columbia, despite the fact that both of those provinces are wealthier than Saskatchewan. The federal government will receive more revenue from Saskatchewan's oil and gas than will the province itself. The petroleum and gas revenue tax is unacceptable and we submit, unconstitutional in its application to Saskatchewan Crown corporations. This tax is grossly insensitive to the economics of the Saskatchewan oil industry and threatens its viability. But prior to the federal budget the petroleum and natural as industry in Saskatchewan was expanding rapidly, especially in heavy oil. In 1980, 1,500 new wells were drilled which is a 17.5 per cent increase. Unfortunately, we can expect lower oil production and a significant decrease in the number of new wells in 1981. And while we support efforts to Canadianize the oil industry we cannot agree to an energy arrangement which discriminates against Saskatchewan people and sharply reduces the rate of exploration and development in this province.

N ow energy pricing and taxation are not the only areas of serious disagreement between the federal and provincial governments. The federal government has been steadily reducing its involvement in the joint funding of social programs. A wide range of essential services across Canada, developed with the support and the encouragement of the federal government, could be endangered. During the past year the community service contribution program was terminated, and apparently grants to Saskatchewan from the federal Department of Regional Economic Expansion and federal contributions to the cost of RCMP services will also be cut back. The federal government has indicated in its budget that it will reduce transfers to the provinces for social programs such as medicare, hospitals and nursing homes, universities and vocational training.

The Government of Saskatchewan will vigorously oppose any such cuts because of the fundamental importance of these programs to the people of this province and to the people of Canada. If federal transfers are cut back, taxes may have to be increased at the provincial level, especially in the have-not provinces. The results will be a regressive and a chaotic distribution of tax increases which is no way for the federal government to discharge its national responsibilities.

In recent years the increasing strength of the provincial economy has made it likely that Saskatchewan would no longer qualify for equalization payments from the federal government. Saskatchewan will not be eligible for equalization payments in 1981-82. Nevertheless our evolving status as a have province will not alter our continued support for this extremely valuable program. It has served Canada and Saskatchewan well and should remain as an important mechanism for sharing among the regions of this country.

In spite of the effects of federal energy policies and despite a few consecutive years of below average crops, Saskatchewan's economy stands in good health. Clearly, diversification has brought our province stability. In 1980 Saskatchewan's gross domestic product grew by 1.5 per cent after accounting for inflation. This compares to almost zero growth for the national economy. Ten years ago, two consecutives years of poor crops would have produced a sharp drop in the output of the provincial economy and an outflow of population, especially of our young people. But with Allan Blakeney's leadership we have a strong economy, steady and significant population growth and bright prospects for the future.

By June of 1981 the population of Saskatchewan will reach 980,000 people - the highest level ever. This represents an increase of more than 10,000 residents in just one year and 80,000 since 1974. This population growth, Mr. Speaker, demonstrates that our young people are finding jobs and opportunities at home in Saskatchewan.

In 1980, a total of 8,000 new jobs were created by the continued growth of our service, construction, mining and manufacturing sectors. And that is building abetter Saskatchewan for us all.

Mr. Speaker, through the course of the past 75 years, we, in Saskatchewan, have developed a unique approach to the challenges and the rewards of life in this province. And fundamental to this approach is our belief that Saskatchewan is and will remain a community of all its citizens. All must benefit from our economic development. With good planning and a spirit of co-operation, we can live within our means and yet build effectively for the future.

For 1981 this budget places special emphasis on the following objectives: a diversified economy with a strong agricultural sector; ample education and employment opportunities for our young people; expanded health and social services; and an enriched community life in which all people can attain their fullest potential.

Let me now turn to the specifics of our budget plan, starting with the heritage fund. Our resource policy in the 1970s was based on the belief that Saskatchewan people can control the course of their own future. The enormous success of the heritage funds has justified our confidence.

The heritage fund is approaching two important milestones. First, the assets of the heritage fund will pass the $1 billion mark early in the new fiscal year.

In three short years the assets of the fund have more than doubled. These include investments in potash, in uranium, in heavy oil, and in grain transportation. They are building the economic future of this province - a future which all of us have helped to shape and from which all of us will benefit.

Second, we anticipate that the annual flow of revenue into the heritage fund will also exceed $1 billion in 1981.

That is $1 billion a year, Mr. Speaker, compared to only $35 million in resource revenues just 10 years ago when this government was first elected. This did not happen by accident. Our policies were opposed. We fought for a fair share of resource revenues and we prevailed. Today the benefits are enjoyed by all the people of this great province of Saskatchewan.

In 1981-82, the heritage fund will provide $550 million to the consolidated fund as a dividend to the people of Saskatchewan. This will help pay for ongoing programs and services such as highways, school grants, the dental plan, and cancer research. It will help keep taxes as low as possible. The fund will provide $66 million for provincial development expenditures for capital projects, such as hospitals, development roads, and municipal projects. And another $140 million will go to help achieve the goal of energy security for Saskatchewan people.

Mr. Speaker, the heritage fund provides the financial resources needed to invest in Saskatchewan's future. I am pleased to announce that in 1981-82 we will set aside for investment in the heritage fund over $300 million - the largest amount ever. This will raise the total assets of the heritage fund to over $1.25 billion.

At the same time, Mr. Speaker, this budget meets the needs oftoday's growing population and growing economy with a sensitive balance of economic and social initiatives. The key elements of this budget are:

For rural Saskatchewan - a new beef stabilization program, new funding for agricultural research, alternative energy programs, increased grants for water and sewer projects, and a new rural road program;

For health care - increased grants for hospitals, an improved cancer program, an expanded dental care program, and new initiatives in preventative health;

For the handicapped - a new emphasis in the International Year of the Disabled.

For education - increased support for schools and universities and major new initiatives in job training.

For the North - revenue sharing and a new capital grants program.

For Indians and natives - expanded programs, especially in education and an economic development foundation;

For the enrichment of our community life - increased funding for parks, for recreation and for the arts, and a new urban transit program.

For job creation and economic growth - a major increase in capital investment by our Crown corporations, and increased capital grants for schools, universities, hospitals and municipal projects;

For the problems caused by inflation - more support for nursing home care and for family income assistance, a strengthened day care program, a new home-energy loan program, increased bursaries for students, the indexing of Saskatchewan personal income taxes, and tax cuts for individuals and small businesses.

Mr. Speaker, since 1971, the people of Saskatchewan have benefited from the sound financial and economic policies of this New Democratic government. These policies have built a rapidly expanding provincial economy and a growing revenue base, particularly in the resource sector. We are able to enrich and to improve our economic and social programs, we are able to cut income taxes, and we are able to build up the assets of the heritage fund by over $300 million. And yet, Mr. Speaker, even with these important measures, I am able to announce and I am proud to announce that the budget for the consolidated fund for 1981 is again a balanced budget.

Mr. Speaker, let me review in more detail our plans for the economic development of this province.

Agriculture is and will remain the backbone of our economy and our first economic priority. But a strong agricultural sector is not enough by itself. We must continue to diversity our provincial economy. The policies of this government have led to the development of our vast mineral resources in a way that will benefit all Saskatchewan citizens. This development provides us with the opportunity for balanced economic growth, both now and for the years to come. As a vital part of this development process, we must be sure that small businesses in this province can flourish, supporting the agricultural and the resource industries and providing jobs for our young people.

We must also make certain that the people of Saskatchewan have the necessary training to take advantage of these new jobs and new opportunities, Mr. Speaker, stable and diversified economic growth - that's our objective and this budget will contribute to its fulfilment.

Mr. Speaker, our Crown corporations play an important role in developing this province's economic potential. They participate in the development of our natural resources. They supply utilities to all areas of the province and they provide a variety of financial and other services to Saskatchewan people and businesses.

During the 1970s we established resource corporations to create jobs, to ensure that Saskatchewan people would have greater control over an expanding sector of the economy and to secure the financial returns from this development. The benefits to the people of Saskatchewan are already being felt. The Saskatchewan Mining Development Corporation and SaskOil have grown into major participants in the exploration and the development of our mineral resources. The Potash Corporation of Saskatchewan has grown into one of the world's largest and most efficient potash producers.

Last year I announced that our potash corporation recorded profits for 1979 of $78 million. This year I am pleased to report that the corporation has just completed another impressively successful year. Mr. Speaker, on behalf of my colleague, the minister responsible for the Potash Corporation of Saskatchewan, it gives me great pleasure to announce that for calendar year 1980, the Potash Corporation of Saskatchewan has more than doubled its profits reaching the record level of $167 million.

Members of this assembly will be aware of the aggressive investment plans of the potash corporation for the 1980s. Profits earned to date have been set aside for a re- investment on behalf of the people of Saskatchewan, an investment that will pay handsome returns for many years to come. It is now appropriate that some of the financial benefits from our investments in the resource sector should be returned to the people of Saskatchewan.

And so, Mr. Speaker, it is with great pride that I announce that in 1981 the Potash Corporation of Saskatchewan will pay a dividend to the heritage fund of $50 million.

This dividend from the potash corporation is the first to be paid by our newly established resource corporations. It is the first dividend to be received by the people of Saskatchewan. It demonstrates the success of the resource policies of this government and it holds for the future the prospect that the best is yet to come.

The Saskatchewan economy has been greatly strengthened by our family of Crown corporations. They are a major sources of new investment and they create jobs in Saskatchewan. The Crown corporations employ more than 12,600 Saskatchewan people, many of them in head office jobs that would otherwise be located outside of Saskatchewan and in many cases outside of this country.

In 1981, capital investment by our Crown corporations will increase by 45 per cent to $1 billion. This capital investment will also generate 4,000 construction related jobs or 750 more jobs than were created last year. This will be a key factor in maintaining high levels of employment throughout the year in Saskatchewan. Saskatchewan's large number and wide variety of small businesses is one of our basic economic strengths. The economic health of this province is closely linked with their ability to prosper, to expand and to provide jobs. We encourage and support the growth of these enterprises. We recognize the special hardships that are imposed on small businesses by high interest rates and rising costs. This budget contains important measures to assist small business, a 37 per cent increase for the Aid to Trade program to introduce Saskatchewan manufacturers to new international markets and the continuation of the small business interest abatement program.

Mr. Speaker, I am pleased to announce that effective January 1, 1981, we will cut the corporate income tax rate for small businesses from 11 per cent to 10 per cent of taxable income.

This tax will provide small businesses with a saving of$3.5 million in 1981. The small business income tax rate for Saskatchewan will now be the third lowest in Canada. Mr. Speaker, we believe that there are great opportunities for the expansion of the small business sector in Saskatchewan. We are committed to ensuring that the Northerners and native people in southern Saskatchewan benefit from these opportunities. In co-operation with northern and native groups, we will establish an economic development foundation to help them participate more fully in economic growth of this province.

Two boards will be created within this foundation: one in northern Saskatchewan and one in southern Saskatchewan. These boards will provide financial services and encourage the involvement of individuals and co-operatives and private companies. When fully operational, the foundation will play a major role in promoting and supporting these northern and native enterprises.

Mr. Speaker, when I outlined our budget plan, I said that one of our main objectives is to strengthen the agricultural industry as the core of Saskatchewan economy. Our commitment is demonstrated by our actions. FarmStart has provided over 4,500 grants and loans totalling $152 million. Land bank has provided land to over 2,600 developing farmers. The farm ownership board has protected farmland for Saskatchewan residents. The crop insurance program has dramatically improved its coverage. For 1980 alone it paid out nearly $135 million. And looking to 1981, land bank's budget will increase $35 million. FarmStart's interest rates will continue to be the lowest available to farmers. The effectiveness of our farm programs is reflected in the large number of young farmers in Saskatchewan. We have a greater percentage of farmers under the age of 25 than either Manitoba or Alberta.

Mr. Speaker, we have more farmers under 25 than both of these provinces combined. These are compelling statistics and they indicate a bright future for agriculture in this province.

Mr. Speaker, this government moved quickly last spring to reduce the impact of the drought. We provided assistance for fodder and feed grain transportation, for construction of community wells, for cattle transportation and for emergency fending. Farmers and farm groups throughout Saskatchewan have said that the provincial drought relief program was both sensible and effective. In total, drought relief expenditures will exceed $6 million.

Mr. Speaker, the Canadian Wheat Board assures us that Canada will be able to market 30 million tonnes of prairie grain by 1985. In 1980 we took action to resolve some of the shortcomings of our grain transportation system which prevent Saskatchewan farmers from taking full advantage of expanding markets. We invested $55 million in 1,000 hopper cars which will be hauling grain within the next six months. We must also ensure that our farmers can produce the grain which the Canadian Wheat Board has said it can sell.

Saskatchewan farmers are among the most progressive in the world, but they require better research and information on production problems and practices. I am pleased to announce a co-operative research and demonstration program involving the University of Saskatchewan, the Department of Agriculture and Saskatchewan's farmers. We are committing $25 million over the next five years, with $4 million in this budget for the first year of this program. This includes $3.2 million for research, mainly at the University of Saskatchewan, emphasizing soil salinity, moisture conservation, optimum crop rotations and weed control. Regional demonstration sites throughout rural Saskatchewan are the second component of this program. They will apply the experience and knowledge of Saskatchewan farmers in testing new production techniques.

Mr. Speaker, if Saskatchewan farmers are going to increase grain production to meet expanding world markets, they must be assured of the continued availability of liquid fuels. Although it is clear that energy prices will continue to increase in years ahead, a more important concern for agricultural producers is energy security. The major thrust of this government in energy security is the exploration and the development program of SaskOil, especially in tapping our enormous heavy oil potential. To complement SaskOil's activities we established the energy security division of the heritage fund, and last year, provided $20 million in the reserve for special energy security measures.

In 1981, we will finance significant new ventures from this reserve. First, we will construct a $7.1 million pilot ethanol plant, possibly through a joint-venture corporation. In addition to producing fuel, this pilot plant will conduct research into ethanol and diesahol.

Second, we will establish a liquid fuel test program to examine the performance of alternative liquid fuels under prairie conditions. This budget provides $500,000 for the first year.

Third, we will explore the feasibility of producing ethanol from cellulose, such as crop residues and wood.

Taken together, these programs will establish Saskatchewan at the forefront of alternative liquid fuels technology in Canada.

Mr. Speaker, let me now turn to the livestock industry. Our livestock producers have often been discourage from expanding because of the historical instability of livestock markets. In 1976, we introduced the Saskatchewan Hog Assured Returns Program, more commonly known as SHARP, in co-operation with hog producers. To date more than $3.5 million has been paid out to help stabilize returns.

Following the success of this program, I am pleased to announce that this budget provides for a voluntary provincial beef stabilization program for slaughter cattle.

There has been $5 million allocated for the provincial government's share of premiums in 1981. This will provide coverage for about 200,000 slaughter cattle in the first year. The program will be administered by a beef stabilization board which will also provide marketing services for all slaughter cattle covered by the plan.

My colleague, the Minister of Agriculture, will be introducing legislation in the current session of this legislature.

The Government of Saskatchewan believes that it would be more effective for livestock stabilization to be handled at the national level. However, we are not prepared to see our livestock producers suffer the large losses that were experienced in the mid-1970s when the federal government ignored the need for stabilized returns.

Finally, I am pleased to announce that this budget increases veterinary service grants by more than 80 per cent to improve veterinary services for livestock producers.

Mr. Speaker, this budget meets the real needs of farmers in 1981, and beyond. All of these announcements demonstrate our continuing commitment to farmers. In total, we will increase the budget for agriculture, not by 10 per cent, not by 20 per cent, but by 30.5 per cent to $77.4 million.

Mr. Speaker, energy security is a vital concern of Saskatchewan people. In 1980, more than 80,000 attended the energy show in Saskatoon. Through the energy security division of the heritage funds, this budget provides over $140 million to help meet our goal of energy security.

In addition to our innovative plans for a new liquid fuel test program and a pilot plant, we will:

First, provide grants of $63 million to assist companies in the exploration and development of petroleum and natural gas.

Second, invest $62 million in development activities of SaskOil.

And third, contribute $3 million to enhance projects in heavy oil and over $4 million to renewable energy projects.

The promotion of energy conservation is an essential part of this government's energy policy. For Saskatchewan families, I am pleased to announce a $1.5 million home energy loan program for new housing as part of an expanded Warm Up Saskatchewan.

The new program will provide a $3,000 interest-free loan to home buyers who purchase newly constructed housing that meets specified energy standards. this will give new home buyers an even greater incentive to reduce energy consumption and heating costs. In total, we are committing $2.5 million to Warm Up Saskatchewan this year.

Mr. Speaker, highways are particularly important in Saskatchewan; important because communities are so broadly dispersed. We have more kilometres of highway per capita than any other province, including 17,000 kilometres of dust- free roads. This is a massive investment in safe, convenient and efficient transportation - a system which is well worth protecting.

For 1981 we will increase spending on highway maintenance by 17 per cent, to $57 million. At the same time, we will increase capital expenditures for highways by nearly 12 per cent to $110 million. This will include $8.8 million for Highway 106 to Creighton. We will also begin construction of a new four-lane section of the Trans-Canada Highway from west of Swift Current to Webb, with completion scheduled for 1983. This is part of our continuing effort to increase the safety and comfort on Saskatchewan highways.

Mr. Speaker, we must expand our vocational and technical training programs if Saskatchewan residents are to take full advantage of the employment opportunities of the 1980s.

I am pleased to announce several new major initiatives which will increase the scope of our training programs. We will emphasize a decentralized or outreach approach which is more flexible and makes training programs more readily accessible to people outside our larger cities.

For 1981 we will expand outreach training by 15,000 training days costing over $600,000. We will convert more of our training programs to a format which responds to the specific needs of individual students at a cost of $300,000. We will enhance the on-the-job training program and introduce five new or expanded institute programs at a cost of $500,000. In total, outreach training will increase by nearly 70 per cent.

However, decentralized community training programs must be supported by our technical training institutes. Currently there are three major institutes - Wascana, the Saskatchewan Technical Institute, and Kelsey. With the rapid growth of resource activity in Saskatchewan there is a clear need for a new technical institute to meet the growing demand for skilled employees. Mr. Speaker, I am pleased to announce in this Assembly that we will build a fourth technical institute in the city of Prince Albert. This new institute will serve the Prince Albert area and provide further outreach programs throughout northern Saskatchewan. We are committed to providing a comprehensive range of training programs for Northerners.

One month ago the Key Lake Board ofInquiry tabled its final report. A major recommendation was that training programs should be offered throughout the North. I am pleased to announce an expanded program of job training in northern Saskatchewan at an additional cost of $2 million. This will double the number of places available for Northerners to over 1,000 per year.

As announced in the throne speech last fall, the Buffalo Narrows training facility will open this spring. Approximately 120 students will be trained each year with particular emphasis on resource- related jobs.

We will improve northern education opportunities by creating the East Side Community College which will complement the existing LaRonge and West Side community colleges. And finally, we will continue to review on an ongoing basis the need for further expansions of training programs in northern Saskatchewan.

Mr. Speaker, the Government of Saskatchewan strongly supports economic development but not at any cost. In the last four years, the budget for the Department of the Environment has increased by more than 100 per cent. You may also recall that a year ago in the budget speech. I announced the establishment of the environmental protection division in the heritage fund. The government's initial contribution was $1 million for each of the two operating uranium mills. In 1981 we will transfer an additional $1 million to the environmental protection division now that operations are under way at Cluff Lake. And I am also pleased to announce that $600,000 has been allocated for a new mines waste research secretariat in the Department of the Environment.

Mr. Speaker, I now turn to our proposals for strengthening and enriching community life in Saskatchewan. As the minister responsible for Celebrate Saskatchewan, it was my pleasure to attend celebrations last year in all parts of the province. I was moved by the strong sense of community in our cities and our towns and our villages. As a government, this sense of community is something we are determined to preserve and to strengthen for it holds the key to our future. The economic potential of Saskatchewan offers great opportunities for the enrichment of our personal and community life, and this budget will help realize those opportunities.

Mr. Speaker, the people of this province believe in the health care system which serves all the community and serves it well. As a government we are strongly committed to the principles basic to a good health care system. Most important is accessibility. Health services should be available to all people throughout the province without financial or other deterrents. Our health care system reflects this commitment. Ninety-seven per cent of Saskatchewan's population lives within 25 miles of hospital services and a resident physician. We also believe that health services should address the total health needs of our population. Because of the new programs introduced by this government in the 1970s, Saskatchewan continues to enjoy the most comprehensive health care system in Canada today.

We have added to our basic medical, hospital and community services, such things as the hearing aid plan, the prescription drug plan, the aids to independent living program, and a dental plan for children. Important challenges remain ahead of us, challenges in strengthening and expanding our existing health care programs and challenges in developing new initiatives for preventative health.

I want to speak first about our support for cancer programs. Last year we reinforced our commitment to the fight against cancer by establishing the Saskatchewan Cancer Foundation. In addition we provided $1.2 million for a linear accelerator used in radiation treatment. For the coming year I am pleased to announce a major strengthening of our support for the foundation's important work. We will increase our grant by 30 per cent, to a total of $10 million.

This includes $400,000 for a cobalt simulator at the Saskatoon clinic, and $285,000 to launch a multi-year program of cancer research. And in addition we are providing over $600,000 for construction work at the Allan Blair Clinic in Regina.

Mr. Speaker, I take great pleasure in announcing that the budget provides $351 million for the Saskatchewan Hospital Services Plan. This will increase our support for the operation of our hospitals by 16 per cent over the budgeted level for 1980.

It includes funding for 24 additional hospital beds in Saskatoon; $1 million in operating grants for the addition to the Regina General Hospital; and grants for an extension to the Saskatoon Community clinic, and for a new health and social centre in Raymore.

We are continuing our high level of support for hospital construction with $15 million for the Regina hospitals regeneration program, $6 million for the University Hospital renovations, and $4 million for renovations of new facilities in communities such as Cut Knife, Gravelbourg, Maidstone, Yorkton, Birch Hills, Indian Head and Davidson.

Mr. Speaker, Saskatchewan has the highest number of nursing homes and chronic care beds per capital in Canada. In 1981 we will take further steps to expand and to improve the system. I am pleased to announce that we will build a new 23 8-bed chronic care facility in Saskatoon. This new addition to our health care system will replace some existing, less suitable facilities and provide a net increase of 64 chronic care beds. These additional beds will also help relieve pressure on the acute care hospitals in Saskatoon.

A comprehensive health care system must include an effective range of preventive programs which will encourage the adoption of healthy lifestyles. In 1975 we pioneered the introduction of a dental plan for young people. Prevention was a major feature of this program from the beginning. As a result, the dental health of many young people receiving this service has improved significantly. And given the success of the Saskatchewan Dental Plan, I am pleased to announce that we are extending coverage in 1981 to ages 4 to 15 inclusive.

The special dental needs of the adolescent age group will be met through a modified version of the present system of school-based clinics in conjunction with private practice dentists. In 1981 we will increase total funding for the dental plan by 32 per cent to $13 million.

As part of our commitment to expand preventive health programs, this budget will introduce a number of community -based pilot projects. These include a demonstration project for a preventive health program for our young people; two sheltered housing projects - one for senior citizens and one for the disabled; a Seniors Helping Seniors program located in 12 home care districts in the province - at Weyburn, Assiniboia, Watrous, Lanigan, Swift Current, Gravelbourg, Lloydminster, Moose Jaw, Shellbrook., North Battleford, Ituna-Lestock and Biggar; a neighborhood health centre for senior citizens; an increase in grants to city health departments for expanded preventive programs; and a pilot project to provide adult dental care in the rural area.

In total we are providing over $600 million for health programs in 1981- 15 per cent more than the approved budget for 1980 and clear evidence of this government's commitment to maintain and expand our health care system for the benefit of all Saskatchewan people.

Mr. Speaker, we have inherited from Saskatchewan's pioneers a deep concern for the well-being of our fellow citizens. And we have reflected this concern in the broad range of social programs. We understand and appreciate the need for day care services in many family situations and, accordingly, the Department of Social Services has conducted a thorough public review of this important issue. As a result, I am pleased to announce a doubling of day care funding for 1981 from $3.7 million to $7.5 million.

This substantial increase will bring added stability to the day care system, support expanded day care services and provide larger subsidies to more families. My colleague, the Minister of Social Services, will provide details at a later date.

Mr. Speaker, the family income plan increases the incentive for low-income wage earners with children to remain productively employed. In 1981, in recognition of the social and economic importance of this program, we will increase the maximum benefit per child by 40 per cent to 470 per month. We will also increase the income and the asset exemption levels to broaden eligibility. These changes will cost $2.2 million, and assist 1,400 additional low income families, including 500 previously on social assistance.

We, in Saskatchewan, owe a special debt of gratitude to our senior citizens. In 1977 we established a home-care program which offers basic services to senior citizens in their homes. This fiscal year we will provide home care services across the province at a cost of $11 million. We are also in the process of consulting with interested organizations concerning the future structure of long-term nursing care. We expect that the new system, when in place, will significantly reduce the cost of care for the majority of nursing home residents. It will also lessen their reliance on the Saskatchewan Assistance Plan. In anticipation of these developments, we will increase total nursing home funding by almost 30 per cent to $45.8 million.

This budget also contains $1 million for new initiative focussed on family and youth services. Next year we will establish a new unit in the Department of Social Services to strengthen family support services. This new unit will help keep children together with their families rather than being brought into the care of the province.

I would like to announce that the benefits provided under the Saskatchewan Assistance Plan will again be increased this year to the rising cost of living.

The United Nations has identified 1981 as the International Year of Disabled Persons. I am pleased to say that we have budgeted $3 million for new initiatives for the disabled, including $1.1 million for 17 projects to provide easier access to public buildings. Also included are new community services, such as an early intervention program for families with disabled preschool children. The Saskatchewan Housing Corporation will pay grants to disabled persons for home repairs.

We will also improve educational programs for students with mental or physical handicaps through a group-treatment home for emotionally disturbed deaf children, a day care pilot project for handicapped students, a new speech therapy program, a new provincial education assessment centre for those with impaired hearing, and a new residential and education program in Saskatoon for blind-deaf children. Finally, it gives me great pleasure to announce that we will construct a new rehabilitation facility in the city of Regina.

The Saskatchewan rehabilitation centre will serve the needs of injured workers and other disabled people. It will be planned in co-operation with the workers' compensation board and offers an appropriate first response to the recommendations of the report of the task force on rehabilitation.

Over the past decade we have seen improvements and enrichments in all aspects of the school system in Saskatchewan, including a great variety of courses available to students, new programs for students with special needs, and more and better classrooms and other facilities. The provincial government finances over 70 per cent of total school operating costs in Saskatchewan, through property tax rebates and the provision of direct operating grants to schools.

In 1981 property improvement grants will total $74 million. I am pleased to announce that we will increase school operating grants by almost 12 per cent per student to $260 million.

Grants for school capital projects will increase by 19 per cent to $10.5 million, which will enable over 50 schools across the province to undertake new projects. These projects include 40 additions and renovations to existing facilities, 10 new gymnasiums and 4 new schools Most of these projects are in rural areas in keeping with our commitment to ensure a wide range of facilities throughout Saskatchewan.

This government is aware of the financial pressures facing our universities. Accordingly, I'm pleased to announce that university operating grants will increase by 12 per cent to nearly $101 million this year. In addition, we will continue to finance an ambitious university capital program totalling $16.3 million.

Mr. Speaker, this government's resource development policies have created many opportunities for employment for Saskatchewan people. In order to meet the needs of an expanding resource sector. I am pleased to announce that we will build a new geological science building at the University of Saskatchewan. This building, which will be financed by the heritage fund, will greatly improve the facilities available to geology students, many of whom will find jobs in Saskatchewan.

Finally, in recognition of the financial needs of post-secondary students, we will increase the assistance available through the student bursary program by 19 per cent.

The Government of Saskatchewan recognizes that local urban governments must be assured of a secure and a growing revenue base. During the past decade, we have increased operating grants to urban municipalities from $1 million in 1971, under the former government, to almost $49 million in 1980, under the New Democratic government.

In 1978, to provide municipalities with a major revenue source linked to the economic growth of this province, we introduced revenue-sharing. As a result, operating grants to urban municipalities have more than doubled. This year, I am pleased to advise municipal councils and their ratepayers that the revenue-sharing escalator will raise the urban revenue-sharing pool by 10.2 per cent to t total of $53.9 million.

We have also shown strong support for the capital needs or our urban municipalities. Between 1971 and 1980, we have increased capital grants from $2.6 million to $36.9 million. In 1980, we will increase total capital grants to urban municipalities by 18 per cent to over $43.5 million. We will increase the heritage fund grant to the community capital fund by 50 per cent to $18 million.

Mr. Speaker, this is a direct investment of resource revenue in community facilities throughout Saskatchewan.

We're also proud that this government has helped revitalize the downtown areas of our urban communities. In 1980, we saw the opening of Weyburn Square and the commencement of downtown redevelopment in Prince Albert. Cornwall Centre in Regina, an outstanding example of downtown revitalization, will open its doors to the public later this year. We have also entered into an agreement with the city of Swift Current for a downtown redevelopment project. Furthermore, my colleague, the Minister of Urban Affairs, and the mayor of Saskatoon, have jointly announced an exciting $100 million redevelopment project for that city.

In 1981, we will again support an aggressive and dynamic housing program. The Saskatchewan Housing Corporation will provide more than $100 million to build 2,400 new housing units - an increase of 13 per cent. In addition, we will increase funding for home rehabilitation loans and we will raise the eligible income ceiling from $12,000 to $16,500 to make the program available to more families.

For the first time, Mr. Speaker, the Saskatchewan Housing Corporation will borrow $20 million of its capital requirements from the heritage fund, yet another example of the heritage fund working for the people of this province.

Members of this Assembly should also be aware that Saskatchewan is the only province in Canada which offers mortgage interest assistance to home-owners through the income tax system. A provincial tax credit of up to $250 per year is provided by the Saskatchewan Mortgage Interest Tax Credit Program.

This government recognizes the growing importance of quality urban transit and the need to assist municipalities with the provision of this basic service. I am, therefore, pleased to announce a new grant program for municipal transit systems. This program will increase the budget for operating assistance by more than 160 per cent.

Mr. Speaker, this is an impressive package of initiatives for our urban communities.

The vast potential of northern Saskatchewan has provided this government and the people of the North with a unique opportunity. I am pleased to say that great progress has been made since the establishment of the Department of Northern Saskatchewan in 1972. We have constructed over 1,200 new housing units. We have provided more than $35 million for school construction. We have spent $110 million on other capital facilities. We have greatly increased the numbers of jobs in the North and reduced dependence on social assistance from 47 per cent to 14 per cent of the population.

Over the next decade resource development will greatly strengthen and diversity the economy of northern Saskatchewan. We are committed to ensuring that northern residents benefit first from this economic development. The budget for 1981 will emphasize three key areas - economic development, job training in local government, and I have already spoken about the expansion of training programs in the North and our new thrust in economic development.

Let me now turn to local government. In 1972, local government in the North was available to only 63 per cent of the population. Today there is 100 per cent representation. We are now approaching an important new phase in this process. During the current session of this Assembly, my colleague, the Minister of the Department of Northern Saskatchewan, will table a white paper proposing changes to the structure of local government in the North. This paper will form the basis for consultations with local governments. We hope to introduce legislation providing for regional government and enhance local government responsibilities. It give me great pleasure to announce that accompanying this proposed new structure will be a five-year, $38 million revenue-sharing program to provide operating grants to local governments in the North.

This budget contains over $5 million for this program in 1981. I am pleased also to announce a five-year, $17 million northern capital grants program. This program will be funded by a combination of provincial grants and taxes of a local nature collected by the province, including property taxes on mining companies. This capital grant will provide Northerners with a direct return from resource development. After the legislation comes into effect, we will make available $1.2 million for local capital projects in 1981. Once the new structure is in place these two new programs together will make available to northern local governments a total of $55 million over the five year period.

There are a number of other initiatives in this budget which will improve community life and contribute to the future economic development of the North. These include a 17 per cent increase in school operating grants to nearly $16 million, a 24 per cent increase in community recreation grants and a $1 million on-the-job training program to increase the employment of Northerners within the Department of Northern Saskatchewan.

The development of the North in the last 10 years is a major success story. Much remains to be done, but I believe this budget is a strong indication of our continuing commitment to the people of the North and to their great potential.

Last year we announced a major program thrust for Indians and natives living in urban area. Our objective is to ensure their great participation in the province's social and economic development. Based on initial success, many of the programs announced last year will be expanded in 1981 with the continued co-operation of our Indian and native organizations.

Education programs are a priority. They include the community schools program, the Saskatchewan Urban Native Teacher Education Program and the Gabriel Dumont Institute. In total, we will increase grants for education programs by over 85 per cent.

I have already announced the creation of an economic development foundation. In addition we will expand job training, employment and support service programs.

Two years of intensive activity will not solve a problem as deeply rooted as urban poverty, but we believe that the measures taken by this government will prove to be the formula for success.

Mr. Speaker, we are committed to strengthening further our rural communities. In 1981 we will increase municipal water assistance board grants by 50 per cent to $3 million; introduce a new farm housing program with $4 million of mortgage financing; place a major emphasis on rural public works construction, with projects in 36 communities; provide more staff for community planning and for municipal management services; and we will double the budget for summer fairs and exhibition associations.

Mr. Speaker, I am pleased to announce that the revenue-sharing pool for rural municipalities will increase by 10.2 per cent for 1981 to a level of $38 million. As well, to allow rural municipalities more flexibility in road construction, we will permit the pooling of funds within revenue sharing for main farm access roads and primary grid roads.

Two other notable programs are the main street program and the business improvement district program which together have helped to revitalize the business areas of many rural communities. More than 150 communities have taken advantage of the main street program, creating more than $8 million of improvements. For 1981, grants will increase by 12.5 per cent to 4900,000. Under the business improvement district program, many communities have received assistance to improve publicly owned land and buildings. Grants for 1981 will be $400,000.

Finally, Mr. Speaker, fulfilling our new decade of progress commitment, I am pleased to announce the introduction of a new Operation Open Roads program. This will provide dust-free roads to communities with a population of 50 or more persons. The new program builds on the success of the first Operation Open Roads program, which provided 311 communities with a total of 470 kilometres of dust- free access roads.

Mr. Speaker, 1981 is the 50th anniversary of the provincial parks system. During this anniversary year we will begin a long-term plan to expand and to diversify our parks program. For our senior citizens there will be bus tours and excursions into provincial parks; for the handicapped, improved facilities which will allow them to participate more fully in recreational programs, and for all Saskatchewan people, expanded parks and recreational programs.

Also in 1981 we will step up our program to winterise accommodations and park facilities at Buffalo Pound and Duck Mountain provincial parks. This will permit year-round recreational activity.

We will begin a three-year, $2.7 million development of a public recreation corridor between Regina Beach and Valeport. We will undertake new developments within the Cypress Hiss Provincial Park.

During 1980 we celebrated Saskatchewan's rich multicultural heritage. In 1981, we are undertaking a number of new measures to preserve and to enhance our heritage, a 33 per cent increase in the grant to the Saskatchewan Arts Board, expanded support for Saskatchewan's 180 community museums; greater resources for conservation activities, related to our new heritage property legislation; and increased grants for libraries. In addition, this budget includes funds for the centre piece project emerging from Celebrate Saskatchewan, the construction of a new building in Regina to house the Saskatchewan Archives.

This new facility will help us to conserve our heritage resources in the years ahead.

Mr. Speaker, the co-operative spirit has played a prominent role in the history of this province. This government is firmly committed to maintaining and strengthening the co-operative movement. I am pleased to report that we look forward to important new directions for the Department of Co-operation and Co-operative Development in 1981. Also, we will take new measures to protect Saskatchewan consumers. Recently, this government established a new Department of Consumer and Commercial Affairs. Today I am pleased to announce the introduction of a new debt counselling and money management program.

Now, Mr. Speaker, I would like to turn to the subject of taxation measures. I have already announced a one percentage point reduction of the corporate income tax rate for small businesses. The tax cut will provide 55 per cent of Saskatchewan's business with $3.5 million in benefits in 1981. This is a 9 per cent provincial tax reduction. We recognize that the continued inflation and high interest rates in Canada create serious hardships for many of our citizens. In 1978 we significantly reduced personal income taxes in the new decade of progress. We promise further personal income tax cuts. I am pleased to announce that effective July 1, 1981, we will cut the personal income tax rate in Saskatchewan from 53 per cent to 51 per cent of basic federal tax.

To distribute the impact of this tax more equitably, we will increase the Saskatchewan high income surtax rate from 10 per cent to 12 per cent of provincial tax in excess of $4,000. This will affect only those taxpayers with taxable income great than $33,000.

These personal income tax changes will reduce taxes paid by Saskatchewan people by over $17 million per year. The personal income tax cut is in addition to the $30 million reduction in provincial income taxes from the indexation of the tax system. Mr. Speaker, when combined with our tax cut for small businesses, these measures provide more than $50 million a year in tax relief to Saskatchewan taxpayers.

I want to point out, Mr. Speaker, that at 51 per cent, our new personal income tax rate is the fourth lowest in Canada. I should also say that each of the three provinces with lower rates burdens its citizens with substantial health insurance premiums. As you are all aware there are no health insurance premiums in the province of Saskatchewan.

In 1981 we will continue to provide low income taxpayers with a personal income tax reduction of $160, plus a $50 tax reduction for each dependent child and a special $50 tax reduction for senior citizens.

Mr. Speaker, Saskatchewan's low-income tax reductions and the surtax have made our personal income tax system the most progressive and equitable in Canada.

For families earning $15,000 per year, the taxes and charges in Saskatchewan continue to be the lowest in Canada. At $25,000 per year the taxes and charges in our province are lower than all of the other provinces, except Alberta.

I have, Mr. Speaker, one further tax change to announce. Effective at midnight tonight, the tax on cigarettes and tobacco will be increased by 3 cents per package of 25 and 1 cent per 25 grams, respectively.

The tax on cigars exceeding 40 cents in value will be increased by 6 cents, in order to bring our tax rate in line with other provinces. These tax measures will yield an additional $2.8 million in 1981-82.

Mr. Speaker, the long-term fiscal accounting policy of this government is to balance expenditures and revenues over the economic cycle. In the first half of the 1970s, we built up $111 million in budgetary surpluses. During the latter part of the decade these surpluses were drawn down to maintain essential programs and services. We have now entered a phase of higher revenue growth, particularly in the resource sector. As a consequence, we propose to balance the budget of the consolidated fund in 1981-82, as well as in the current fiscal year.

It is evident from the initiatives I have outlined today that we are continuing to improve our social and economic programs. We have balanced the budget. We are providing significant tax cuts for individuals and small businesses. And, at the same time, we have strengthened our overall financial position. I note in particular that the assets of the Saskatchewan Heritage Fund will exceed $1.25 billion by March 31, 1982. Saskatchewan's public sector debt remains the second lowest per capita in Canada and 88 per cent of the province's gross debt has financed investments by our Crown corporations.

Mr. Speaker, sound financial management practices have enable us to build for the future while strengthening and improving our overall financial position.

Mr. Speaker, in spite of adverse weather conditions and other unforeseen developments, the financial position of the province remains strong.

In the budget I presented one year ago, I estimated that budgetary cash outflows would reach $2.18 billion and budgetary cash inflows would amount to $2.19 billion. The unusual dry conditions last spring and summer resulted in unanticipated fire fighting and drought program costs of over $20 million. Wage settlements in the hospital sector, plus the increased utilization of insurance health programs, added a further $18 million to the budget.

At the same time, higher revenues from oil and potash have raised heritage fund revenues by $112 million over the original estimate. This, Mr. Speaker, has enabled us to increase the heritage fund dividend to the consolidated fund by $60 million. We now estimate that the year-end surplus for the heritage fund will be $187 million.

In the consolidated fund we anticipate that receipts from the federal government will be $50 million below our original estimate. Overall, we plan to balance the 1980-81 budget with cash inflows and outflows at approximately $2.45 billion. I originally estimated that the 1980-81 budget would yield a combined net cash increase of $150 million for the consolidated and heritage fund. I now estimate that the net cash increase of the two funds will total $187 million.

For 1981-82, consolidated fund revenues are estimated to be $2,287 million with expenditures of $2,285 million leaving a small surplus of $2 million. Mr. Speaker" a strong and growing economy will lead to significant growth and revenues from personal income taxes and from the education and health tax. It also should be noted that the strength of our economy has lead to a reduction in receipts from the federal government, largely because the province is apparently no longer entitled to equalization payment. The revenues flowing into the heritage fund will increase by 56 per cent, $1,010 million. The increase in estimated oil revenues to more than $600 million is largely the result of the efforts of this government to have the revenue generated by the export of oil returned to the producing provinces.

Unfortunately, federal energy policies have created very real uncertainty in the oil industry, and, as a consequence, it is difficult to estimate oil production, oil exports and the yield from the sale of Crown leases. Given this uncertainty, our estimate for oil revenues is a cautious one. Potash production, Mr. Speaker, remains the second most important source of revenue to the heritage fund and will increase markedly to $294 million. The heritage fund dividend to the consolidated fund acts as an important stabilizing influence in 1981-82, the dividend will be $550 million, representing 54.5 per cent of total heritage fund revenues. The total budgetary expenditures from the heritage fund, including the dividend to the consolidated fund, will be $697 million, leaving a surplus of$313 million for investment purposes. Of this, $239 million will be lent to or invested in our Crown corporations. The remaining surplus will lead to a net increase of$77 million in the current assets of the heritage fund.

The combined surpluses of the consolidated and the heritage funds for 1981-82 is expected to be $315 million.

Mr. Speaker, earlier in my remarks today, I described our budget plan for 1981 and our initiatives for a new decade of progress. I invite every member of this Assembly to recall some of the highlights: a new beef stabilization program; a new farm housing program; a new pilot ethenyl plant; a new home energy loan program; a new urban transit program; new rural roads program; a new local government package for northern Saskatchewan; a new technical training institute at Prince Albert; a new geological science building at the University of Saskatchewan; a new provincial archives building in Regina, a new rehabilitation centre for the disabled; a new chronic care facility in Saskatoon; new preventative health trusts and new funding for day care and cancer research and nursing home care. Plus, Mr. Speaker, there are income tax cuts for both individuals and small businesses. And, Mr. Speaker, for the first time, there is a $50 million dividend from the Potash Corporation of Saskatchewan.

This budget builds for the future, with a balance in the consolidated fund, with a surplus for investment of over $300 million ion the heritage fund, and with a wide range of exciting new economic and social programs that address the challenges of the 1980s. This is all possible because the Government of Saskatchewan took the hard decisions in resource policy, created and developed our Crown corporations and established a heritage fund. We, in Saskatchewan, now have the foundations. With Allan Blakeney, we have the leadership. And we have the opportunities for enormous progress. I am confident that throughout this budget, and other to follow, we will build, together, an even better Saskatchewan today and for the future.

Mr. Speaker, it is my pleasure, therefore, to move seconded by my colleague, Mr. Gross, the member for Morse:

That this Assembly do now resolve itself into the committee of finance.