

STEADY GROWTH

The logo features the words "STEADY" and "GROWTH" in a bold, green, sans-serif font. A yellow-to-green gradient arrow points upwards and to the right, starting from the bottom of the letter "O" in "GROWTH" and extending above the letter "Y" in "STEADY".

Saskatchewan Provincial Budget 2014-15

Honourable Ken Krawetz
Deputy Premier and Minister of Finance
2014-15 Budget Address — “Steady Growth”
March 19, 2014

Check against delivery

INTRODUCTION

Mr. Speaker, colleagues and visitors, I am honoured to rise today to present our government's 2014-15 Budget.

I want to thank my Cabinet and Caucus colleagues and all of the Government officials who contributed their expertise and hard work to this budget.

Thank you as well to the many groups and individuals who provided recommendations on what should be in this budget.

And — I want to thank my family.

Mr. Speaker, it is tradition that the Minister of Finance wears a new pair of shoes on budget day.

Today, I am breaking from that tradition and wearing an old pair of shoes.

These shoes are actually half a size too small for me, so they're a little tight,...

Just like this budget is a little tight.

But that's not why I chose these shoes.

You see, these were my father's shoes.

He only wore them a few times, including on his 89th birthday—November 1, 2006—when I introduced him in this Assembly.

Dad passed away just a few weeks later,...

And I know he would be happy that someone is still getting good use out of these shoes.

Mr. Speaker, I wear these shoes today to honour my Ukrainian-Canadian heritage and to honour my father,...

The son of a Ukrainian immigrant who stowed away on a cattle ship to escape oppression,...

And create a new life in a new world for himself and his descendants.

Today, one of those descendants has the tremendous honour to stand in these shoes and deliver a budget,...

In this Chamber that represents all of the freedoms we enjoy in this great province and this great country,...

While remembering that even as we speak, the people of Ukraine must struggle to secure those same freedoms.

Ми разом з народом України.

In July 2006, a lengthy article appeared in the Star-Phoenix, chronicling the history of Saskatchewan's population.

That article included this stark statement:

"The story of Saskatchewan's population is one of boom, bust and stagnation."

Mr. Speaker, not anymore.

Today, there is a new story,...

A new story for our population,...

A new story for our economy,...

A new story for Saskatchewan.

It is a story of steady growth.

Today, the boom and bust cycle that shackled our province for decades is behind us.

Today, more people than ever before call Saskatchewan home.

Earlier today, we learned that Saskatchewan grew by over 20,000 people in the past year – to an all-time high of 1,117,503.

Our record is steady growth.

Our goal is steady growth.

And this budget is about steady growth.

SUMMARY BUDGET

This year's budget looks a little different.

For many years, governments presented both an operating budget and an overall or “summary” budget.

But the focus was always on the operating budget.

Beginning this year, our focus will be on the summary budget, as recommended by the Provincial Auditor.

This includes all government entities— for example ministries and agencies, Treasury Board Crowns, commercial Crowns, school divisions and regional health authorities.

As well, the summary budget includes our insurance organizations like the Workers' Compensation Board and the Crop Insurance corporation.

During this session our government will introduce legislative amendments reflecting the change in focus of the Province's budget and financial statements to a summary basis.

Presenting the budget on a summary basis captures the complete picture of the Government of Saskatchewan's finances and the total cost of providing programs and services to the people of Saskatchewan.

BALANCED BUDGET

By presenting the full picture of the government's finances, there can be no question about the bottom line.

And the bottom line is that this budget is a balanced budget.

In fact, this budget projects a surplus of \$71 million.

This was not easy to accomplish.

Total revenue is projected to be down 0.7 per cent from last year.

This meant that some difficult choices had to be made.

NO TAX INCREASES

At the SUMA convention in early February, the Premier indicated we might need to consider a tax increase.

But he also noted, for our Government, increasing taxes is always the last resort.

Our preference will always be to balance the budget by controlling spending.

Mr. Speaker, I am pleased to announce we have done just that, and this budget contains no tax increases.

No education property tax increase.

No personal tax increases.

No business tax increases.

And no increase in the taxes paid by credit unions.

Our government has chosen to maintain the current special income tax treatment of credit unions, which credit unions estimate saves them \$7 million annually.

This small business tax savings combined with their exemption from provincial capital tax, results in an overall provincial benefit to credit unions, of more than \$12 million each year.

Since 2007, our government has delivered the largest income tax cuts in Saskatchewan history and the largest education property tax cuts in Saskatchewan history.

Lower taxes are a big part of our government's Growth Plan and help keep life affordable for Saskatchewan people.

A family of four or more with an income of \$75,000 will pay less in total provincial taxes and utilities than their counterparts in any other province, Mr. Speaker.

Maintaining our low tax rates will keep Saskatchewan on the path of steady growth.

CONTROLLING SPENDING

While that's good news, it meant making some difficult choices on the spending side.

Overall, summary spending is down about \$28 million from last year.

You will see that expense in the Core Operational Plan, which is a subset of the summaries, is forecast to be just 2.3 per cent more than last year—well below the 3.0 per cent expense growth projected in the four-year fiscal plan published in last year's budget.

That means some areas funded by government will receive less than they might have been hoping for this year.

While controlling spending means making some difficult choices, there is one area of government spending where I am pleased to announce a significant reduction.

Debt charges are down over \$50 million this year.

In fact, more than \$3 billion of government's operational debt has been paid off over the past six years, saving nearly \$1 billion in interest costs.

Our government looks forward to the day when Saskatchewan's operational debt is completely retired and a portion of resource revenues can go towards a new Saskatchewan Futures Fund, as recommended last fall by Peter MacKinnon.

Even with a decline in overall revenue and no tax increases, this budget makes important investments in infrastructure and important investments in people that will keep Saskatchewan on the path of steady growth.

INVESTING IN INFRASTRUCTURE

One of the key priorities of our government's Growth Plan is building the infrastructure needed for a growing province.

Whether it's schools or hospitals, highways or high-speed data networks, water treatment or power generation plants, bridges or natural gas transmission lines, our government is building for the future.

Since 2008, government capital investment, including third party capital, combined with Crown corporation capital investment, is close to \$16 billion—more than double what was spent the previous six years.

Crown Infrastructure

SaskPower, SaskTel, SaskEnergy, and the province's other Crown corporations, are meeting increased demand by investing in infrastructure and they are upgrading to address a long-standing infrastructure deficit.

Between 2000 and 2007, the Crowns spent an average of about \$568 million each year on capital.

That doubled to \$1.1 billion annually between 2008 and 2012.

Between 2013 and 2018, Saskatchewan's Crown corporations will invest an average of \$1.7 billion dollars each year to maintain existing infrastructure and to build new infrastructure – triple the amount invested each year between 2000 and 2007.

Capital spending by the Crowns is projected to be \$2.0 billion in 2014-15, an increase of \$100 million from the previous year, and well above the five year average.

This year, major capital investments by our Crown corporations will include:

- \$1.2 billion at SaskPower to develop new electricity generation such as clean coal, natural gas and hydro and to expand and renew the transmission and distribution systems that carry electricity to customers;
- \$355 million at SaskTel, which includes the expansion of its wireless network capacity in Saskatchewan and its infiNET project providing reliable, high-bandwidth broadband to homes and businesses; and
- \$300 million at SaskEnergy to improve the safety of its system and expand pipeline and compressor capacity.

Municipal Infrastructure

In addition to these significant investments by the Crowns, this budget invests nearly \$900 million in other capital projects across government.

There is \$124 million for municipal infrastructure including more funding for the Regina stadium project as well as \$74 million in transfers to municipalities.

A new commuter bridge is needed in the north industrial area of Saskatoon.

Our government will work with the City of Saskatoon and the federal government to fund that infrastructure priority, with dollars expected to flow in 2015-16.

Victoria Hospital

This budget also contains a significant announcement for the city of Prince Albert.

Our next major health facility investment will be in that city, with \$2 million provided this year to begin planning the renewal of Victoria Hospital.

Transportation Infrastructure

Building, maintaining and operating Saskatchewan's extensive highway and transportation system is essential for steady growth.

This year, \$664.5 million will be spent on operations, maintenance and capital through the Ministry of Highways and Infrastructure, an increase of \$88.5 million from last year.

This level of investment means our Government is on pace to meet our commitment to invest \$2.2 billion on highways and transportation over four years.

This budget provides \$405 million for highway and transportation capital, including rural provincial highway upgrades in various locations throughout the province.

Passing lanes on busy highways improve traffic flow and enhance safety.

This year, pre-construction work will begin on passing lanes for Highway 7 between Delisle and Rosetown.

We are funding the construction of 19.5 km of new twinned lanes for Highway 16, east of Saskatoon to Clavet.

Planning and land acquisition for the Regina Bypass Project is underway, and construction on the west portion continues to advance.

We are also funding pre-construction work for twinning projects on Highway 7 west of Saskatoon to Vanscoy and on Highways 6 and 39 in the south-west corner of the province.

Education Capital

This budget provides over \$96 million in capital funding for K-12 schools, including:

- \$46 million for ongoing construction of 10 major school projects;
- \$24 million for school maintenance, an increase of \$4.6 million or 24 per cent from last year;
- \$9.5 million to proceed with the construction of the new Langengurg School and Gravelbourg Elementary school.
- \$7 million for 29 new relocatable classrooms and for moving 10 relocatables to schools with increased enrolment.

This budget also provides over \$4 million for the planning of four new major school projects:

- The replacement of Connaught and Sacred Heart elementary schools in Regina;
- And the renovation of the school in St. Brieux and the Sacred Heart elementary school in Moose Jaw.

Planning continues for nine joint-use schools—each with a public and separate school in one building—three in Regina, four in Saskatoon, and one each in Warman and Martensville.

Mr. Speaker, our government is also committed to building and maintaining our universities and other post-secondary institutions.

This budget provides \$32.6 million in post-secondary capital transfers, an increase of over \$7 million or nearly 28 per cent compared to last year.

Those transfers include:

- \$20.6 million for maintenance capital, an increase of \$4.1 million compared to last year;
- \$6.5 million for continued construction of the Health Sciences Facility at the University of Saskatchewan;

- \$4.5 million for the Trades and Technology Centre at Parkland Regional College in Yorkton; and
- \$1 million for continued construction of the Southeast Regional College facility in Weyburn.

Health Care Facilities

Mr. Speaker, this budget also provides for the building and upgrading of hospitals and other healthcare facilities, including the Victoria Hospital in Prince Albert as I've already mentioned.

This year, \$95 million for health-related capital investments includes:

- \$48 million for maintenance capital, equipment and projects such as:
 - renovation of Saskatoon's Parkridge Centre long-term care home,
 - new Provincial Laboratory machinery and equipment;
 - increased funding for new medical imaging equipment; and
 - replacement of a linear accelerator.
- \$27 million for ongoing construction of five long-term care facilities in Maple Creek, Biggar, Kelvington, Prince Albert and Kipling ;

- \$16 million to complete the new hospital in Moose Jaw; and
- \$1.5 million for planning associated with the Regina Extendicare Replacement and the long-term care expansion in La Ronge.

We are moving forward on construction of the Swift Current long-term care facility as a P3 project—with \$2.1 million in early-stage funding allocated in this budget.

The Saskatchewan Hospital and integrated corrections facility in North Battleford also continues to move forward, with \$2.5 million in early-stage funding.

Housing

Investment in affordable housing is continuing, including \$9.2 million for the first year of a five-year extension of the federal-provincial Affordable Housing Agreement.

That agreement provides joint funding for new affordable housing, home renovations, home adaptations, as well as rental and housing supplements.

This budget also provides \$750,000 in additional support to help Habitat for Humanity develop another 12 homeowner units across the province.

INVESTING IN PEOPLE

Mr. Speaker, our government does not believe in growth for its own sake.

Growth must have a purpose—to create a better quality of life for all Saskatchewan people.

That's why this budget supports children and seniors and people with disabilities.

That's why this budget supports people who need health care services for themselves or a loved one.

That's why this budget supports families.

And that's why this budget supports those who seek education and training as a path to meaningful employment.

Health

Record funding of nearly \$5 billion will be provided through the Ministry of Health—an increase of 3 per cent compared to last year.

This record level of funding includes \$3.25 billion for Regional Health Authorities—an increase of \$107.5 million or 3.4 per cent.

Health Authority funding includes:

- \$60.5 million for the surgical waitlist initiative, with the goal of meeting the three-month waitlist target province-wide by the end of 2014-15;
- An \$8 million increase over last year for regional targeted programs primarily addressing renal disease, colorectal screening and diagnostic imaging;
- Over \$13 million—an increase of \$3.4 million—for the operation of five Collaborative Emergency Centres and to enhance primary health care sites; and
- \$1.7 million to develop an Emergency Department Wait Times and Patient Flow program.

Our government recognizes the vital role of the Saskatchewan Cancer Agency in our province's health care system.

This budget provides over \$155 million in total funding—a \$4.9 million or 3.3 per cent increase—to the Saskatchewan Cancer Agency. This will help to plan, organize, deliver, and evaluate cancer care throughout the province.

This budget also provides \$5.2 million—\$2.2 million more than last year—to expand the rural doctor locum pool.

And the rural family physician recruitment incentive program will receive an additional \$435,000 this year to help attract doctors to rural communities.

We are also providing \$1.5 million in health funding to develop an innovative “hotspotting” pilot program to identify and provide more appropriate services to frequent users of the health system.

Our health system struggles to meet the needs of patients with complex and varied issues, including those related to mental health.

These patients may not require hospitalization but they are using the emergency department.

Just one per cent of patients account for 21 per cent of all hospital costs in the province.

This is not a good use of resources nor is it providing the help many of these patients need.

In the coming year, a “hotspotting” pilot program will begin in Saskatoon and Regina to identify and assist these high-cost, high-use patients, helping them receive the care they need.

Seniors

Care for seniors continues to be a priority of our government.

This budget focuses on a number of initiatives for seniors, including \$4.5 million for the HomeFirst/Quick Response Homecare program—an increase of \$2.5 million over last year.

This innovative approach provides home care services in Regina, Saskatoon and Prince Albert, ensuring that seniors have the supports they need to be able to go home more quickly after hospitalization, as well as reducing unnecessary hospital admissions and emergency room visits.

Other initiatives for seniors in this budget include:

Increasing the Seniors Income Plan benefit by \$10 per month to \$260 for single individuals and \$225 for each member of a married couple.

- Next year, the single benefit will increase to \$270, triple what it was in 2007;

\$3.7 million for the Seniors' Care Urgent Action Fund to continue addressing issues in long-term care facilities; and

\$800,000 to develop a new Seniors' House Calls program for seniors with complex needs.

This budget also provides increased funding of \$217,000 for additional claims under the Ambulance Assistance Program for seniors.

Support for People with Disabilities

Mr. Speaker, the Saskatchewan Plan for Growth sets a goal of making our province the best place in Canada for people with disabilities.

Since 2007-08, funding for people with disabilities has more than doubled.

This budget provides over \$446 million for new and enhanced programming for people with disabilities and for increased utilization – an increase of over \$84 million from last year.

This includes investments of:

- \$166 million in funding for Community-based Organizations that help Saskatchewan people with disabilities, a \$20.4 million increase over last year; and

- \$174 million, for the Saskatchewan Assured Income for Disability program – a 55 per cent increase over last year. This will provide increases of \$20 per month for a person in residential care; \$50 for single individuals; and \$55 for couples, who are living independently.
- It will also accommodate a caseload increase of 4,200 Saskatchewan people with disabilities.

Child and Family Agenda

Mr. Speaker, momentum continues on Saskatchewan's Child and Family Agenda, responding to the most urgent needs of our children, youth and families.

Our Government is increasing support to Child and Family Agenda initiatives by \$8.7 million. This brings the total commitment in new funding to \$62.5 million since the Agenda was created in 2011.

Mr. Speaker, a multi-ministry approach is focusing on critical areas of education, health, family supports and community safety.

Among the initiatives are;

- the Mental Health and Addictions Action Plan;
- expansion of the Positive Parenting Program;

- expansion of the Building Partnerships to Reduce Crime initiative (the Hub and COR model);and
- an additional 15 new Prekindergarten programs to improve reading outcomes.

Education

Mr. Speaker, pre-K to Grade 12 education will always be a priority for our government.

This year's Ministry of Education budget is \$1.76 billion, an increase of \$52.4 million or 3.1 per cent over last year.

School operating funding provided to school divisions includes both \$1.17 billion in funding from the Ministry of Education and \$646 million in revenue from the Education Property Tax for a total of \$1.82 billion. This is up 2.4 per cent from last year.

Saskatchewan is growing and that means school enrolment is growing.

This year's budget provides over \$19 million in new operating funding for school divisions to address projected enrolment increases of 2,140 students in the upcoming school year.

This budget also provides \$11 million—an increase of \$1.6 million or more than 17 per cent—to address enrolment pressures at Qualified Independent Schools, Historical High Schools and the Sakewew First Nation High School in the Battlefords.

This Budget also provides:

- \$11.3 million for CommunityNet bandwidth upgrades to substantially increase internet speeds in schools. This is an increase of \$2 million or more than 21 per cent over last year; and
- \$815,000 in new funding to implement the Bullying and Cyber-bullying Action Plan;

Our Government continues to invest in the education of our children before they even reach kindergarten.

This budget provides over \$20 million—an increase of more than 6 per cent from last year—to support 15 new pre-K programs.

This will bring the total number of pre-K programs across Saskatchewan to 316.

This budget also provides funding to create 500 new child care spaces, bringing the total commitment of child care spaces in Saskatchewan to over 14,200, an increase of over 5,000 or 55% since 2007.

Labour Force Development

Last year, employment in Saskatchewan grew by 18,000 – the largest job growth ever recorded in one year.

Still, when Saskatchewan business owners are asked to identify the biggest challenge they face, it's usually finding enough skilled workers.

A well-trained, highly skilled workforce is key to our province's continued growth and to achieving our goal of 600,000 people working in Saskatchewan by 2020.

It begins with education and training.

This budget provides nearly \$669 million for post secondary institutions operating grants and targeted funding, an increase of \$16.8 million from last year.

This includes:

- \$489 million in operating and program funding for Saskatchewan's universities and federated and affiliated colleges;
- \$152 million in operating and program funding for technical institutes, and
- \$28 million in operating and program funding for regional colleges.

This budget also provides \$216 million in funding that helps students afford post-secondary education. That's an increase of 9.4 per cent over last year.

This includes \$82 million for the Graduate Retention Program, which allows post-secondary grads to recover the cost of their tuition up to \$20,000 over seven years if they stay and work in Saskatchewan after graduation.

Mr. Speaker, nearly 50,000 recent graduates are taking advantage of this program – 50,000 who are proud to call Saskatchewan home!

The budget also provides:

- \$37.4 million for other ongoing provincial tax credits related to education costs and interest paid on student loans;
- \$32.5 million for the Saskatchewan Student Aid Fund;
- \$31 million for the Provincial Training Allowance;
- \$7.5 million for the Saskatchewan Advantage Grant for Education Savings; and
- \$7 million for the Saskatchewan Advantage Scholarship, which reduces tuition costs by up to \$2,000 over four years for every new Saskatchewan high school graduate who pursues post-secondary education in our province.

Our government is continuing to invest in the training of nurses and doctors.

This budget provides:

- \$14.3 million for the final year of the registered nurse seat expansion to 690 seats;
- \$13.7 million to continue the implementation of 100 new medical undergraduate seats;
- \$10.4 million to continue the implementation of 120 new medical residency seats;
- \$578,000 in new funding to double the number of perioperative nurse training seats at SIAST from 18 to 36; and
- \$360,000 - an increase of \$150,000 - to increase the number of nurse practitioner training spaces by five. This brings the total number of spaces to 15 - three-quarters of the way to our government's commitment of 20 new nurse practitioner training seats by 2015-16.

Mr. Speaker, this budget provides just over \$189 million for programs and initiatives that specifically benefit First Nations and Métis people.

A significant portion of this funding is to ensure First Nations and Métis people receive the education and training they need to take full advantage of the new opportunities that exist in Saskatchewan's growing economy.

This includes:

- \$49 million for funding of First Nations and Métis initiatives through the Ministries of Economy and Advanced Education, including post-secondary funding and more money for skills training; and
- \$6 million to double funding for initiatives related to the Joint Task Force on Improving Education and Employment Outcomes for First Nations and Métis People.

Adult Basic Education programs have helped many people get the skills they need to enter Saskatchewan's growing workforce.

The Growth Plan set a goal of eliminating the Adult Basic Education waitlist.

Last year's budget added 300 new seats.

And this year's budget includes \$2.1 million to add a further 700 seats.

This budget addresses continued demand for a skilled workforce.

Last year's budget included funding to meet the Growth Plan target by adding 300 new apprenticeship seats.

This year's budget includes a \$1 million increase for the Apprenticeship and Trade Certification Commission to add a further 300 apprenticeship seats.

It also includes a \$1.4 million increase in training allowances to support these new Adult Basic Education and apprenticeship opportunities.

Agriculture

This budget also continues our government's support of farmers and farm families across Saskatchewan.

In 2014-15, more than \$371 million will be spent through the Ministry of Agriculture.

This includes new funding for Crop Insurance to introduce the Livestock Price Insurance Program.

The budget also includes:

- \$34 million for AgriInvest, an increase of \$1.7 million due to higher program demand;
- \$43 million for AgriStability and its administration, down from last year based on federal forecasts and lower program utilization;
- \$79 million, an increase of \$7.5 million over last year, for the federal-provincial Growing Forward 2 Program; and
- \$134 million as the province's contribution for Crop Insurance Premiums.

Provincial Municipal Support

The people working for Saskatchewan's rural and urban municipalities deliver important services to the people of the province.

This budget provides over \$394 million of direct provincial support to municipalities, an increase of \$32.8 million, or 9.1 per cent, from last year and an increase of \$153 million or 63 per cent from the 2007-08 Budget.

That includes \$257 million for Municipal Revenue Sharing, based on the formula of one point of the Provincial Sales Tax.

While this amount is down slightly from last year, it is still more than double the amount provided to municipalities in 2007.

The budget also includes \$47.2 million in other municipal funding, for policing and for Transit Assistance for People with Disabilities, as well as \$1.2 million for Provincial Emergency Response.

Manufacturers, Exporters and Entrepreneurs

Mr. Speaker, Saskatchewan has what the world needs.

Whether it's potash, uranium or oil,... wheat, canola or lentils... or manufactured products,... more than ever, the world is buying it from Saskatchewan.

Our Government supports Saskatchewan's manufacturers, exporters, producers and entrepreneurs.

This budget provides \$500,000 for start-up costs to establish a Manufacturing Centre of Excellence and \$3.4 million for the Saskatchewan Trade and Export Partnership.

It's paying off, Mr. Speaker.

Saskatchewan had a record year for exports, reaching \$32.3 billion in 2013 and making our province the largest exporter per capita in Canada.

CONCLUSION

Mr. Speaker, a little over 100 years ago, when my grandfather first came to Saskatchewan, he did so because this was a place of great freedom and incredible opportunity.

It was a place that offered a better life.

It is still that today.

That's why Saskatchewan is setting employment records.

That's why Saskatchewan is setting population records.

And that's why Saskatchewan is firmly on the path of steady growth.

This budget is meant to keep Saskatchewan on that path.

It is a balanced budget.

It contains no tax increases.

It controls spending.

It makes important investments in infrastructure.

And it makes important investments in people.

Mr. Speaker, this budget will meet the challenges of a growing province,...

And it will keep Saskatchewan on the path of steady growth.

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