

Budget Address

CONNECTING TO THE FUTURE



Saskatchewan Budget
March 30, 2001



SASKATCHEWAN
The Hon. Eric Cline
Minister of Finance

Mr. Speaker, it is a privilege for me to present my fourth Budget to the people of Saskatchewan.

Under the leadership of the former Premier, our Province made tremendous strides forward.

Together, the people of Saskatchewan restored the Province's fiscal health.

Together, we began the process of rebuilding and renewing our important public services.

And, together, we created a solid foundation for growth and opportunity.

Mr. Speaker, last year I stood in this House and said: that it was time to reach beyond our limitations – time to build on over a decade's work to create new growth, opportunity and prosperity for all Saskatchewan people.

Under the leadership of a new Premier, this Government will move in an exciting, new direction – a direction that will connect Saskatchewan to the future.

I made the commitment that the Budget would put us on a firm course to achieve opportunity and growth for all, and that our government would do what was fair and what made sense for our province and our people.

Mr. Speaker, that commitment has been kept.

Mr. Speaker, it must be said that Saskatchewan is a great place to live with a tremendous future.

And, today's Budget marks another, major step forward.

Under the leadership of a new Premier, this Government will move in an exciting, new direction – a direction that will connect Saskatchewan to the future:

- connect our people to the future by making major investments in education, transportation and technology;
- connect Saskatchewan to a prosperous future by giving people the tools to succeed in a growing, diversified economy.

Mr. Speaker, this government has delivered on its commitment to provide a simple, fair, and competitive tax system – building the solid foundation we need for a thriving economy, and opening new opportunities for economic growth and prosperity.

In 2001, Saskatchewan people will pay \$317 million less in provincial income tax than they did prior to tax reform.

That's progress, Mr. Speaker.

Mr. Speaker, our tax system is competitive. In 1993, the average Saskatchewan family had the second highest personal taxes in Canada.

In 2001, they are the fourth lowest. And, our top marginal tax rate is now the second lowest in Canada.

Mr. Speaker, our tax system is fair. It focuses on providing significant tax relief for working families.

And, Mr. Speaker, our tax system is simple.

On January 1 of this year, we eliminated the flat tax, the high-income surtax and the debt reduction surtax.

That's progress, Mr. Speaker.

And the Budget I am presenting today builds on that progress.

I am pleased to announce that, building on our new tax system, this Budget increases the provincial tax credits that recognize post-secondary education costs, persons with disabilities and caregivers.

Our tax reform ensures that Saskatchewan tax credits for CPP and EI contributions, tuition fees, charitable gifts and student loan interest will match those provided by the federal government.

And, it begins the indexing of our income tax system.

And Mr. Speaker, I would like to point out that Saskatchewan is the only province that has a universal child tax credit.

Beginning in 2001, provincial income tax credit amounts for seniors, persons with disabilities, caregivers and medical expenses will be fully indexed to inflation.

That's progress, Mr. Speaker.

During this fiscal year as well – effective January 1, 2002 – we will increase the Child Tax Credit from \$1500 per child to \$2000 per child.

We will increase the seniors tax credit from \$500 to \$750.

That's progress, Mr. Speaker.

And Mr. Speaker, I would like to point out that Saskatchewan is the only province that has a universal child tax credit.

Mr. Speaker, our government is also committed to supporting Saskatchewan's business community in its effort to thrive and compete.

Last year, Saskatchewan business people told us that their number one concern was personal income tax.

We responded – with the largest cut to personal income tax in Saskatchewan's history.

This year, businesses asked us to address the issue of corporation income tax for small business.

And, Mr. Speaker, once again, we are responding to the concerns of our small business community.

This Budget includes a business tax package that will improve our province's competitiveness and open new opportunities for growth and prosperity.

This Budget includes a business tax package that will improve our province's competitiveness and open new opportunities for growth and prosperity.

I am very pleased to announce that, effective July 1, 2001, the small business Corporate Income Tax rate will be cut from eight per cent to six percent.

And, effective January 1, 2002, the amount of income eligible to be taxed at the small business rate will rise from \$200,000 to \$300,000.

That's progress, Mr. Speaker.

Mr. Speaker, this Budget also recognizes the importance of attracting and retaining key personnel in our business and professional communities.

I am pleased to announce that Saskatchewan will now permit all regulated professionals to incorporate their practices.

Mr. Speaker, our government is also introducing changes that will create jobs and growth in our resource sector, with a special focus on the North.

With this Budget, we will be offering a new tax credit for mineral exploration and development in that region, or elsewhere in Saskatchewan.

As well, Mr. Speaker, our government will spend an additional \$920,000 this year on our geo-science program to encourage exploration in the province – bringing our total commitment this year to \$3.4 million.

Mr. Speaker, last year we laid a foundation for growth and opportunity. We will stand on that solid foundation and meet the challenges of today.

Our economy is growing and will continue to grow.

Last year, our province's economy, more diversified than ever in our history, grew by 3.4 per cent.

Even in the face of the slowdown in the American and world economies, Saskatchewan will continue to grow in the range of about two per cent – a testament to the energy and confidence of our people.

That's progress, Mr. Speaker.

However, we must remain on guard and take note of the changing economic climate and realize that we still face challenges.

The fiscal year just ending has been an exceptional year for natural resource revenue. As a result, our total revenue is projected to be almost \$6.8 billion for the year just ending.

In this new fiscal year, we expect a reduction in revenue of more than \$750 million.

Even in the face of the slowdown in the American and world economies, Saskatchewan will continue to grow in the range of about two per cent – a testament to the energy and confidence of our people.

Let me repeat: our revenues this year will drop by three-quarters of a billion dollars.

In other times, this might have meant we would cut programs, raise taxes and run a deficit.

That would have happened, had we spent all of our revenue last year.

We did not.

Instead, we put \$775 million aside.

We saved some to protect us against future volatility in our revenues – and some to help us build our province in a sustainable way.

There are those who say that we should spend all of the money we get as soon as we get it.

They point to many legitimate needs, but their approach would leave the province in the lurch when revenue goes down – creating deficits, or the need for program cuts or tax increases.

On this side of the House, we believe that we must always save some part of our resources for the future to avoid such consequences.

Our dividend for past prudence is this: today we are able, even in the face of fiscal pressure, to meet the critical needs of our province, while ensuring its fiscal integrity for the people of today and for our children.

And, Mr. Speaker, that is why our government today is able to announce major commitments to our health care system, to our province's farmers and to Saskatchewan's children for a better quality of life in the future.

I am pleased to inform this House and the people of the province that, in order to sustain our publicly funded health care system into the future, this Budget provides \$229.5 million more – an increase of 11.6 per cent – over last year's Budget.

Mr. Speaker, this funding will provide the stability we need as we work with our partners to review the recommendations from the Commission on Medicare and develop and implement our operational plan for health reform.

This Budget will maintain quality health care services while that collaborative process is undertaken.

In addition, Mr. Speaker, this new funding will go towards:

- a 22 per cent increase for the Saskatchewan Cancer Agency;
- the purchase of a second air ambulance;
- investments to ensure that all Saskatchewan children have a healthy start in life; and,
- additional investments in other priority areas to enhance services and meet growing demands.

Mr. Speaker, this Budget also addresses the needs of our farming community.

We are making a commitment to an additional \$95 million for a federal-provincial farm income program that works for producers.

In fact, the budget for the Department of Agriculture and Food will increase by 35.5 per cent this year.

And, Mr. Speaker, that is why our government today is able to announce major commitments to our health care system, our province's farmers and to Saskatchewan's children for a better quality of life in the future.

This is our commitment to our farmers as we proceed to negotiate with the federal government for a fair and effective farm income program.

In addition, this Budget provides for a new Adaptation Program that will help farmers who wish to establish alternative operations.

Our government will invest more than \$5 million in our agri-business sector through the Agri-Food Equity Fund.

There will be more agricultural research and development funding because of this Budget.

And, a new Saskatchewan Conservation Cover Program will give direct payments to farm operators converting marginal lands to perennial cover.

A program helping farmers and improving our environment – that's progress, Mr. Speaker.

Our commitment to the environment goes far beyond this as well, Mr. Speaker.

Saskatchewan has always shown leadership in environmental protection and management.

Our government is demonstrating this leadership by embracing technologies that will help our environment today and tomorrow.

Mr. Speaker, today I am pleased to outline a major initiative in wind energy.

Our government will purchase a minimum of 10 GigaWatt hours of wind power from SaskPower, each year for 10 years.

This represents more than 15 per cent of Executive Government's total power consumption.

And, it allows SaskPower to proceed with construction of ten wind-generating turbines – the development of an alternative energy source for Saskatchewan.

That's progress, Mr. Speaker

And, Mr. Speaker, this government is taking care to ensure that it is doing all it can to be energy efficient.

In 2000, the Government of Saskatchewan embarked on an Energy Management Program aimed at reducing the Government's energy costs by 20 per cent and reducing the emission of greenhouse gases by 15 per cent within three years.

Over the next three years, government buildings throughout the province will become more efficient in their use of energy – saving taxpayers' money and protecting our environment.

That's progress, Mr. Speaker.

And just as we see the environment as a critical part of our vision of the future, so too is the role of our arts and cultural communities.

Their richness and diversity is an expression of the Saskatchewan spirit.

Our government will purchase a minimum of 10 GigaWatt hours of wind power from SaskPower, each year for 10 years.

That is why this government's commitment to arts and culture is strong.

That is why we are committing up to \$125,000 a year to the Arts Stabilization program. This investment will improve arts organizations' financial management, fundraising and market research.

The Cultural Industries Development Strategy will have its funding more than doubled, to \$450,000.

This strategy provides operating funding to the Saskatchewan Book Publishers, the Saskatchewan Recording Industry Association and the Saskatchewan Craft Council for support and development of cultural industries.

These investments enrich the cultural life of our province – contributing to the high quality of life for Saskatchewan people.

And that is what this government's vision is about: ensuring that all people in Saskatchewan enjoy a high quality of life.

Mr. Speaker, that vision is what is guiding us in our battle to reduce poverty.

We know that the road out of poverty is through acquiring skills and finding work.

We need to do more – as creatively, compassionately and co-operatively as possible – to eliminate child hunger, and give Saskatchewan children the best possible start in life.

That is what the Building Independence program and the Saskatchewan Employment Supplement are all about.

Because of our innovative strategy to reduce poverty, the number of people on social assistance has fallen in each of the last six years.

That's progress, Mr. Speaker.

Saskatchewan is the only province to reduce the incidence of child hunger.

That's progress, Mr. Speaker.

But it isn't enough.

We need to do more – as creatively, compassionately and co-operatively as possible – to eliminate child hunger, and give Saskatchewan children the best possible start in life.

We need to do more, and we will do more.

To keep true to our values as we reach for our vision of a high quality of life for all Saskatchewan people.

And no program better exemplifies these values in action on behalf of this province's children than the Early Childhood Development Strategy.

This strategy brings together the departments of Health, Education and Social Services and combines their efforts, resources, commitment and energy towards one objective: ensuring that all Saskatchewan children have a healthy start.

We know early intervention improves the chances of success. This is the principle behind the Early Childhood strategy that builds on the success of our Action Plan for Children.

The Early Childhood Development strategy focuses on special services for children with serious health, education or developmental challenges, in communities where the need for these services is exceptionally high.

Helping the children who most need the help – putting our values to work. That's the Saskatchewan spirit at work.

Mr. Speaker, the Early Childhood Development Strategy will ensure that all babies born in Saskatchewan hospitals, and their families, will be screened for risk factors that may affect the child's development.

It will provide intensive support services for high-risk children and families in need.

And, Early Childhood Community Developers will be employed across the province to aid Saskatchewan's children in getting a healthy start to life.

That's progress Mr. Speaker – progress that is improving the quality of life for all Saskatchewan children.

Mr. Speaker, I have outlined how, even given the fiscal challenges before us, our government will provide for the most pressing needs of our people and communities, in the areas of:

- health care;
- agriculture; and
- programs to improve the quality of life for Saskatchewan's children.

Our government, from its earliest days, has been guided by the need for prudent, responsible fiscal management.

From the beginning, we have committed ourselves to limiting the future obligations we would pass on to our children by eliminating deficits and reducing our debt.

Helping the children who most need the help – putting our values to work. That's the Saskatchewan spirit at work.

This is the legacy of our former Premier and the promise of our new Premier: we will not saddle future generations with the fiscal burdens of the past.

Today, Mr. Speaker, I am introducing a Budget that remains true to our strong commitment to fiscal prudence.

It is our eighth consecutive balanced Budget.

But this Budget is not just about limiting future obligations.

It is about creating opportunities.

Mr. Speaker, this Budget is about expanding opportunities for our children and our young people by connecting Saskatchewan to the future.

Connecting to the future is our clear long-term plan to build Saskatchewan's economy.

It is about creating the prosperity this province needs to ensure that all our citizens can enjoy a high quality of life.

Connecting Saskatchewan to the future is about expanding opportunities for our young people to build and live in a province of growth and prosperity.

It is about providing quality public services that matter to people.

Connecting to the future means building economic capacity in our communities – giving people the tools they need to plug-in, participate, communicate and compete.

Above all, connecting to the future means working together, in the spirit of Saskatchewan, to reach our shared vision of a high quality of life for all Saskatchewan people.

Mr. Speaker, our government will ensure that Saskatchewan connects to the future by strategic investments in three key areas:

- education;
- transportation; and
- technology.

Today, Mr. Speaker, I am introducing a Budget that remains true to our strong commitment to fiscal prudence. But this Budget is not just about limiting future obligations. It is about creating opportunities.

Mr. Speaker, if Saskatchewan is to continue to prosper, it is essential that our province embrace the technology of the future and lead Canada and the world.

That's why this Budget launches an innovative information technology strategy.

Our strategy will ensure that the people of this province have the tools they need to plug-in, participate, communicate and compete.

And it begins with CommunityNet.

CommunityNet brings together the provincial government, SaskTel and SCN to connect schools, post-secondary institutions and health facilities to a high-speed network.

CommunityNet will be Saskatchewan's on-ramp to the Information Highway:

- connecting our communities;
- giving people across the province access to government, public and community services on a level not possible before;
- offering a gateway to Saskatchewan people to take their talents, innovations and ideas to the global marketplace; and,
- most importantly, improving and expanding the educational opportunities available to our young people.

By spring of next year, 30 per cent of Saskatchewan schools will be plugged-in to the future by CommunityNet.

Virtually all schools will have improved access by 2005 – giving Saskatchewan children and schools the tools they need to succeed.

CommunityNet will provide Saskatchewan students, no matter where they are located, with instant access to the world of learning.

CommunityNet will open doors of learning and opportunity never before available to our province's students.

More than anything, CommunityNet is about connecting our education system to the future.

But, Mr. Speaker, connecting to the future isn't just about connecting our kids and their schools and their communities to high-speed wires.

It is about a lot more.

It is about providing the tools they need to succeed.

That is why we are providing \$2 million per year for three years to improve in-school connectivity.

That is why we will place instructional materials for our K-12 schools online and provide \$3 million in each of the next three years for schools to develop online learning resources.

It is clear that the investment we will make in CommunityNet and other related technology projects will help Saskatchewan people and communities connect in new and innovative ways.

At the same time, we must take care of our traditional network of connections.

Mr. Speaker, we are going to fix the roads.

Because connecting to the future is about a safe, reliable transportation system that works for people and our economy.

Mr. Speaker, I am proud to announce today an historic investment in our highway and transportation system of almost \$950 million over the next three years.

CommunityNet will open doors of learning and opportunity never before available to our province's students.

This includes \$312 million this year – 25 per cent higher than last year's budget, and the largest single-year investment ever made in Saskatchewan's highways.

That's progress, Mr. Speaker.

Primary pavements will be upgraded to a 20-year life cycle and regional pavements to a 25-year life cycle.

Our largest investment ever means the western portion of the Highway Number One twinning project will be completed four years earlier than expected.

Yes, Mr. Speaker we will finish the work on the national highway – even though the federal government continues to avoid contributing its fair share and living up to its responsibility.

And Mr. Speaker, with or without the federal government playing its role, our government will connect this province's transportation system to the future.

Our largest investment ever in highways and transportation will mean that, over three years, 800 km of the province's thin membrane surface highways will be upgraded and able to handle heavier traffic.

But we cannot connect Saskatchewan's transportation system to the future without the involvement of our communities.

Building the transportation system of the future demands partnerships.

Our government will continue working in partnership with rural municipalities and area transportation planning committees to improve our highways and our roads.

As part of that partnership, our government will be providing \$15 million for the Prairie Grain Roads Funding Program – increasing our commitment to fix the roads damaged by increased heavy haul.

Working together, we will build a transportation system that meets our province's needs and connects us to the future.

Mr. Speaker, I have outlined how we will connect to the future through the new technologies of the Internet and by investing in our traditional network of highways and roads.

But now it is time to talk about where connecting to the future really begins.

It begins with education.

It begins with the largest investment ever made in our province's education, post-secondary and skills training – more than \$1.1 billion.

Because if we are to connect to the future, we must strengthen this most important link to the future.

At the same time, we must take care of our traditional network of connections. Because connecting to the future is about a safe, reliable transportation system that works for people and our economy.

Mr. Speaker, because our government did what was right and what was fair in the struggle to regain our financial freedom, we are now able to focus on Saskatchewan's children and their future.

Think of it, Mr. Speaker: it was not that long ago that we spent more on interest payments than on education.

In 1993-94, we spent \$865 million on education.

That same year, interest on the debt was our second-highest expenditure at \$873 million.

Think of it, Mr. Speaker: \$8 million more spent on interest than on education. Well, Mr. Speaker, I am happy to report that this year, we will spend almost twice as much on education as we will on interest.

That's progress, Mr. Speaker.

K-12 education funding will increase by 9.9 per cent – the largest budget over budget increase in many years.

We will provide the highest amount of funding ever for Foundation Operating Grants – a 16 per cent increase in two years.

We know that our future demands nothing less than such a commitment today.

And that commitment includes innovative school programming that works.

Community schools put this province's values of compassion, creativity, co-operation and hard work into action.

Mr. Speaker, because our government did what was right and what was fair in the struggle to regain our financial freedom, we are now able to focus on Saskatchewan's children and their future.

They are about keeping kids in school and letting them do what kids do best – learn.

Community schools work in partnership with families and the community to provide educational and social supports for success at school and in life.

Our commitment today means more community schools to help children with their futures.

The number of community schools has doubled since 1995.

And, as a result of this Budget, that number will double again, this year.

Forty-two new community schools, including for the first time high schools, and for the first time, rural community schools.

This Budget will also mean more for Aboriginal education programs.

It will mean a 20 per cent increase for special education for disabled students – more than double the funding of four years ago.

Mr. Speaker, beyond our commitment to improve and enhance K-12 education, our government is committed to providing our young people with the technologies and opportunities they need to succeed in the new economy.

Job skills training is key to our future.

That is why funding is being increased for SIAST, Apprenticeship programs and Northern Training Plans.

All told, provincial training programs will reach more than 25,000 people this year.

This Budget also will mean:

- online access to courses and curriculum materials for schools across the province;
- a virtual Saskatchewan Campus, which will provide one-stop, web-based access to online post-secondary courses to students across the province;
- 325 new scholarships for first-year students entering post-secondary studies in Saskatchewan, to keep our best and brightest studying here; and,
- significant improvements to our Student Aid Program.

New technologies are shaping the future of our education system.

Our government will invest in the technological tools our education system needs.

Connecting education to the future will shrink the distance between educator and learner and provide access to information from around the world.

Community schools put this province's values of compassion, creativity, co-operation and hard work into action. They are about keeping kids in school and letting them do what kids do best – learn.

Today, our government is making an historic investment in education and skills training to give our young people the knowledge, the skills and the tools to succeed.

Mr. Speaker, connecting to the future isn't just about making our largest-ever investment in education...

Or the biggest financial commitment to our highways and transportation system in the province's history...

Or about our innovative information technology strategy.

Connecting to the future is about employing our common values of creativity, co-operation, compassion and hard work – in pursuit of our shared vision of a prosperous Saskatchewan for all.

Our values are an expression of the spirit of Saskatchewan and its people – a spirit that allowed this province to overcome economic and fiscal challenges and lead Canada in the development of progressive public policy.

We have progressed.

And the progress we have achieved was possible because we had the courage and the conviction to regain our financial freedom – the freedom we needed to dream again – to dream of our vision of the future.

And we will continue to progress because we are guided by our vision and strengthened by our values.

We will progress by investing in education and job training.

By creating a better tax system.

By preserving our public health care.

By connecting to the information highway.

By rebuilding our roads.

By fighting poverty.

That's what connecting to the future is about: putting our values to work to build our economy and our province and achieve our vision.

And that is what this Budget is about: our vision of a province where all Saskatchewan people enjoy a high quality of life....where we seize the future with confidence and a spirit of innovation....keeping Saskatchewan the great place it is to live, work, raise a family and prosper.