



SASKATCHEWAN

The Hon. Eric Cline  
Minister of Finance

# Meeting the Challenge for Saskatchewan People

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Budget Address

**Budget**  
2002-03

Mr. Speaker, I have the honour today to present my fifth budget, presented in a time of global economic uncertainty, amid unprecedented concern about the very security of our communities.

Challenging times demand of us all the courage, vision and leadership, not only to overcome the difficulties of today, but also to plan and prepare the way for a future of hope and prosperity.

There is no denying that the global economy has been changed by the events of last September and their aftermath. National economies have redirected billions upon billions of dollars to homeland security, and away from other priorities. Consumer confidence, which had fuelled a decade of rapid economic growth, has been strained.

No family, no company, no government, is immune to the impact of these new economic realities.

We in Saskatchewan are faced with the added burden of a devastating drought, lower oil and natural gas prices, the ongoing softwood lumber dispute, and a national government which too often refuses to live up to its national responsibilities, particularly with respect to our largest industry – agriculture.

This combination of circumstances has resulted in total revenues for the budget year just ending to be \$84 million less than we had projected last spring. Our revenues for the coming budget year will be \$56 million lower than projected last year.

## Meeting the Challenge, Saskatchewan's Way

Other governments, with different priorities, have recently taken drastic actions in response to these new global economic challenges. Saskatchewan people have taken note of decisions elsewhere which have slashed essential public services, eliminated tens of thousands of jobs, and demanded more from those least able to pay.

Mr. Speaker, this government is determined to take a different path – a path of stability in a time of strife, a path that protects people today, while still moving forward on a plan to build a better tomorrow for everyone in Saskatchewan.

Our province has the freedom to choose this different path, thanks to Saskatchewan's tradition of planning for the long-term.

Two years ago, when this government created the Fiscal Stabilization Fund and committed \$775 million to this rainy day account, some questioned the decision, and suggested a multitude of ways to spend this money immediately.

This is not a year for large spending increases. In fact, once again this year, our expenditures will exceed our revenues. In this sense, on a cash basis, we are in a deficit situation, as we were in 1995-96, 1997-98, last year, and many other years when we relied upon savings from previous years to balance our books.

That is why, Mr. Speaker, going back at least as far as the Liberal Government of Premier Dunning in 1925, prudent governments have relied on stabilization funds, as we will be doing this year. We will be balancing the books by relying on the savings built up in surplus years. Last year we used \$411 million, this year, we'll use \$225 million.

## Reshaping Government

Mr. Speaker, no amount of long-term planning will forever shield us from difficult decisions and tough choices, and we have made many in this budget.

This budget will hold the line on government spending, while moving forward with new investments in key areas.

Let me say how proud I am of the Premier, and his determination to demand no more of others, than he demands first of himself and his government. That is why the Premier has announced a reduction in the number of government departments, a reduction in the size of Cabinet and Ministerial Staff, and a reduction in government positions.

With the new budget year, we will abolish more than 350 full-time-equivalent civil service positions, but we will avoid reducing front-line staff that serves the public.

This reorganization will save taxpayers \$40 million over the next two years, but cost reduction is not the only objective.

We are going to change how government does business, making it more efficient and effective, and improving access for people and organizations, businesses and local governments. We will continue to do more to make government accessible electronically, as we have done already for tax filers, and farmers applying for fuel tax rebates.

We will streamline government, Mr. Speaker, but without a heartless resort to massive layoffs of thousands of public servants. We are taking a reasoned, balanced approach, reshaping government as we move forward.

## Tough Choices

The tough choices did not stop with reorganization of government. Mr. Speaker, we will also introduce a number of changes in fees and charges to better recover costs, and we will introduce two tax changes related to alcohol and tobacco.

Effective midnight tonight, tobacco taxes will increase from \$2.15 per pack to \$4.00 per pack in order to raise revenue to help pay for health care, and to discourage young people from taking up smoking.

Effective midnight April 1, the Liquor Consumption Tax will increase from seven per cent to 10 per cent, the same rate it was until 1991.

Other fees and charges will be increased marginally on a user-fee, cost-recovery basis. Some will be asked to pay a greater share of the cost of prescription drugs and long-term care, based upon and subject to, their ability to pay.

But, Mr. Speaker, I want to make it perfectly clear that this year, the budget for the Prescription Drug Plan will increase five per cent to over \$120 million, support for long term care will increase three per cent to over \$337 million, and new investments will be made in affordable housing.

## Meeting the Challenge – Moving Forward Together

Difficult circumstances have never stopped Saskatchewan people from moving forward working together, to build a better future for themselves, their families and their communities.

These challenging times are no different. This budget will help our province move forward together in:

- Health Care
- Education
- The modernization of our transportation and information technology infrastructure
- Building Independence for families and children in need
- Building stronger, safer communities
- Building a Stronger Economy, and
- Sustainable Tax Reform

## Health Care

First, some words about health care, the number one concern and the biggest single expenditure of the provincial government – over 40 cents of every dollar spent.

That's why I am proud to announce that this budget increases health care spending by \$129 million, to a total investment of \$2.3 billion for our health care system in the coming year.

All provinces face increasing demands related to health services – higher drug costs, new technology, the need to recruit and retain health care providers, at a time when the federal government provides only 14 cents of every health dollar spent in Canada, compared to the 50 cents it used to pay.

Our Premier has called upon the federal government for more financial support, but he has also urged reforms to make the most effective use of human and financial resources.

In the meantime, Saskatchewan's Action Plan for Health Care offers immediate improvements, and a long-term plan for change. This budget begins to implement the Action Plan for Health Care with:

- \$10 million for upgraded medical equipment
- \$24 million for capital improvements
- Increased base funding to begin work on key initiatives such as:
  - Encouraging primary health care teams of doctors, nurses and other health providers
  - A 24-hour toll-free telephone line for health advice
  - Expanding support for seniors and people with disabilities who want to remain in their own homes
  - Improving the management of waiting times
  - Providing more training spaces for health providers, and return-service bursaries for students studying in selected health programs
  - Upgrading the skills of 240 emergency medical responders to Emergency Medical Technicians over the next three years
  - The creation of Canada's first Quality Council, to promote excellence and more effective health spending
  - The formation of 12 Regional Health Authorities to replace the current 32 health districts, reducing administration and improving planning

Mr. Speaker, at the time of the release of the Action Plan for Health Care, the Minister of Health indicated the importance of health research to the future of health care in Saskatchewan, and he set a target of a 40 per cent increase in health research funding.

Today, I am pleased to announce that we will be increasing health research spending in this budget, not by 40 per cent, but by nearly 80 per cent, Mr. Speaker.

We made a commitment to strengthen our health care system. In spite of these challenging times, and we are making good on that commitment in this budget.

## Education

While health care is the number one priority today, education and training is the key to a more prosperous future.

In the early 1990's, the Government actually spent more each year in interest payments on the public debt, than it could spend on education and training.

That appalling fact has been remedied and reversed.

In the coming budget year, Saskatchewan will be able to invest about twice as much in the education and training of our youth – \$1.2 Billion – as we will have to spend on public debt interest payments.

Mr. Speaker, if only Saskatchewan had not been forced to spend so much of the 90's paying for the excesses of the 80's, just imagine how much better off we would all be today.

Renewed investment in Saskatchewan's education system is paying big dividends, and the results are being recognized nationally and internationally.

Recently, Statistics Canada reported that Saskatchewan enjoyed the lowest high school dropout rate in the nation, a tribute to the hard work, vision and leadership of our educators and their community-based partners.

Saskatchewan has the highest percentage of young people in Western Canada enrolled full-time in university – 23 per cent – above the national average of 20 per cent.

We are reaching out to children who need more help, through more community schools.

In fact, Mr. Speaker, results of a national survey show that Saskatchewan has the most equitable education results in the country: the lowest difference in educational attainment as between high-income people, and children from low-income families. That should be a source of pride for all Saskatchewan people.

This year, operational funding for K-12 education, universities, SIAST and Regional Colleges will increase 2.3 per cent.

In addition, in these difficult financial times, we will move schools and universities forward in terms of the infrastructure needed to enable students to learn. Amounts available to school boards in this regard will increase more than 50 per cent for the coming year, while universities, SIAST and Regional Colleges will be allowed to access over 60 per cent more than last year.

I want to make it clear that the government cannot pay for this construction in one fiscal year. We will amortize this cost over the years. Given current low interest rates and existing needs, now is the right time to invest in more capital for education.

We are committed to doing more in terms of building schools than we can pay for in one year. There are those who will be critical of allowing mortgage-type financing for school boards and universities.

Mr. Speaker, we would not be critical of a family that expanded or built their house and paid for it over time.

We would say that they had faith in their future.

Well. This government has faith in the future of this province, and the critics can stand by and criticize, and while they do, we're going to keep right on building, Mr. Speaker.

We're moving forward, with our partners in education, on building and improving our schools.

Highways

We will also meet our commitment to fix the roads, Mr. Speaker.

This budget invests \$300 million in our highways. We're on track to meet our \$900 million, three-year commitment to upgrade them, the largest commitment to improve our transportation infrastructure in the history of Saskatchewan.

Twinning on major highways – the Trans-Canada and the Yellow Head – is progressing rapidly. We will finish the Trans-Canada West to the Alberta border by the fall of 2004.

But, it's not just the national highways getting attention. This year, we will reconstruct 150 kilometers of Thin Membrane Surface highways in rural Saskatchewan to a paved standard, and resurface 370 kilometers. In total, taking into consideration partnership projects and grading work, more than 700 kilometers of highways will see reconstruction and paving work this year.

We are currently partnering with 35 different municipalities on 18 different initiatives to manage traffic on 460 kilometers of TMS highways.

Mr. Speaker, we made a commitment to fix the roads, and in spite of these challenging times, we're moving forward on that commitment.

## Information Technology

Another commitment made in last year's budget was to bring the information highway – High-Speed Internet – to rural Saskatchewan. In year one, we've connected 530 schools, 120 health facilities and 106 government offices. This year, we'll add another 460 facilities, towards our goal of:

- 800 schools
- 310 health facilities, and
- 256 government offices, in more than 360 Saskatchewan communities.

With CommunityNet as the “anchor tenant”, SaskTel will be able to continue to expand high-speed service to individual homes and businesses in 191 communities over the next two years.

This government is committed to the idea that every student should have equal access to the latest information, curriculum and technology, whether they live in Regina or Shellbrook, Saskatoon or Tisdale.

We are committed to the idea that patients throughout the province should benefit from the latest health care technology, and that business people should be able to access the information they need to market their products and services, whether they live in our major cities or our rural communities.

We are committed to the completion of the CommunityNet program and the idea that rural Saskatchewan is entitled to information technology. Mr. Speaker, in spite of these challenging times, we are moving forward on that commitment.

## Safe Water

Clean, safe drinking water is a cornerstone of the health of individuals and families and vital to our economy. Tragic events across Canada and events here at home have shown safe drinking water must not be taken for granted.

That is why, in last year's budget, our government provided additional funding for new staff in water monitoring and compliance, and funding for additional staff at the Provincial Lab to help monitor the safety of municipal water supplies.



We also provided assistance through the Canada-Saskatchewan Municipal Infrastructure Program. More than \$12 Million was contributed last year to 57 water supply and wastewater projects.

The Municipal Financing Corporation will continue to provide 100 per cent financing for upgrades to water and sewer infrastructure.

And this year we will finalize the government's Long-Term Safe Drinking Water Strategy, following Mr. Justice Laing's report arising out of the North Battleford Water Inquiry.

Mr. Speaker, in spite of these challenging times, we are moving forward with improvements to our water system.

## Affordable Housing

Affordable, quality housing, also is an essential aspect of a person's health, well being and quality of life.

Good housing is also the foundation of strong, vibrant neighbourhoods and communities.

The Saskatchewan Housing Corporation currently meets the housing needs of more than 67,000 lower income Saskatchewan people in nearly 350 communities, but more can be done.

A framework agreement between the federal government, the provinces and the territories has been developed to address the issue of affordable housing.

This budget launches a five-year plan to build up to 1,000 new affordable housing units across Saskatchewan.

Mr. Speaker, this is an area that is in need of public investment, and we're moving forward to begin to meet that need.

## Strong, Safe Communities

Mr. Speaker, we value the role played by local governments in our province.

We have partnered with them by doing more in the last few years to build infrastructure together – sewer and water systems and local roads – through the Canada-Saskatchewan-Municipal Infrastructure Program. We have contributed to 239 local projects at a cost of \$51 million in this budget and last year.

We pioneered this infrastructure program, and we will continue with it.

And this year, the Centenary Fund will continue to help our communities accelerate the modernization of our public infrastructure.

From the clean up of contaminated sites, to new water and sewer services in the North, to expansion and renovations at our technical schools and regional colleges, to the upgrading of our parks and heritage properties, the Centenary Fund is helping to maintain jobs today, while ensuring new opportunities for tomorrow.

Mr. Speaker, even though our budget holds the line on government spending overall, I am very pleased to announce that this budget will increase Municipal Revenue Sharing by \$10 million, more than 18 per cent, Mr. Speaker.

But wait, there's more, Mr. Speaker.

This budget provides \$7.3 million in new money, added to base funding of \$81 million, to hire 26 new police officers in Saskatchewan communities, bringing the total number of additional police officers hired since 1999 to 132.

We have also freed up the time of police officers by continuing with a \$1.2 million annual program for the development of specialized RCMP radio communication systems and mobile workstations. These systems allow officers to spend more time on the road, and less time on paperwork.

Mr. Speaker, we made a commitment to strong, safe communities, and in spite of these challenging times, we are moving forward on that commitment.

## Northern Communities

Our commitment to building strong, safe communities extends to all corners of this great province, including northern communities.

Northerners want better access to delivery of goods and services. This budget will invest more than \$34 million in highways and airports in Northern Saskatchewan.

Northerners want better access to educational and training opportunities that many of us take for granted in more populated regions. This budget continues our commitment to Campus Saskatchewan, which is helping post-secondary institutions work together to increase on-line learning opportunities for Saskatchewan people.

Northerners want to access more jobs and opportunities in health care. This budget provides \$756,000 in new funding for the Northern Health Access Program, which will provide additional health care training opportunities.

Mr. Speaker, in spite of these challenging times, our commitment to the North is moving forward in this budget.

## Building Independence

Mr. Speaker, five years ago, in my first budget, with our Premier the Minister of Social Services, we introduced a program called Building Independence: a series of initiatives that support low-income families to participate in the work force. It includes training and employment initiatives, family health benefits, an employment supplement, and the Saskatchewan Child Benefit. These help to break down the “welfare wall” by making it easier for people to leave welfare and find work.

A year after Building Independence was launched, Mr. Speaker, I canvassed over 500 low-income housing units in my home constituency of Saskatoon Mount Royal.

I was very gratified when, at door after door, young women told me that the income top-up had allowed them to go to work, and still care for their children.

Since 1997, more than 4,600 families, including over 10,000 children, have left the welfare rolls.

This year our government will continue to expand the reach of Building Independence by providing an additional \$1.3 million in job supports for families, youth at risk, and people with disabilities. We will provide \$1.2 million to increase the availability of childcare services for those most in need. And we will make the Saskatchewan Employment Supplement available to more low-income working families.

Mr. Speaker, we know that people living with disabilities face particular challenges with respect to self-sufficiency and independence. Last year, the Saskatchewan Council on Disability issues presented the government with a Disability Action Plan containing recommendations to support full citizenship of persons with disabilities. I want to reinforce our government's commitment to, and support for, this fundamental concept of citizenship and inclusion.

In response to one of these recommendations, Saskatchewan Health identified individualized funding for home care as an option that will be available in the coming year.

I am pleased to report that, in addition to employment supports, this budget will also provide \$500,000 in new operating funding for transportation services to further enhance independence for Saskatchewan residents who live with disabilities.

Mr. Speaker, in spite of these challenging times, our government is committed to building stronger, safer, more prosperous communities for all the people of Saskatchewan, and, with this budget, we are moving forward on that commitment.

## Building a Stronger Economy

Mr. Speaker, I want now to turn to the great opportunities for continued economic development in our province.

Many of the things that I have already talked about – public health care, public education, roads and highways, information technology, clean water, safe communities, an inclusive society where everyone is welcome to participate – all of these are part of building our economy.

But there is more to be done: in agricultural diversification, tourism, the development of an ethanol industry, research and development, investment, and personal and business tax competitiveness.

### Agricultural Diversification

Mr. Speaker, Saskatchewan farmers are amongst the best in the world. They would excel if allowed to compete on a global, level playing field.

The drought, unfair subsidies by national governments in Europe and the United States which have made grain prices unrealistically low, and an inattentive federal government, have placed Saskatchewan farmers in a very difficult situation.

Our government provides tax exemptions and rebates for farm fuel, fertilizer, machinery and a number of other farm inputs – \$240 million for the coming year. This year, we will increase provincial funding for crop insurance from \$95 million to \$109 million.

Last year's Conservation Cover Program allowed farmers to convert marginal lands to perennial cover. It exceeded all expectations. Nearly 11,000 applicants converted more than half a million acres to grass and forage to feed their own livestock, and, in many cases, sold feed to others.

That program will be continued this year, along with \$4.4 million for the Family Farm Opportunities Initiative, which helps farmers assess their situation, improve their skill set, and undertake diversification and development initiatives on their farms.

## Tourism

Mr. Speaker, tourism is a vital and important part of Saskatchewan's economy.

This year, we will maintain funding to the Saskatchewan Tourism Authority in the amount of \$6.9 million, to continue to work with its members and partners to support marketing, advertising and travel counseling to further develop the tourism industry in Saskatchewan.

## Ethanol Production

As previously announced, this budget will provide a 15 cent per litre Fuel Tax exemption for ethanol used in ethanol-blended gasoline produced and sold in Saskatchewan.

We hope to create new jobs, and significant new private investment for ethanol production facilities, integrated livestock feedlot operations and other developments for the agricultural industry.

Saskatchewan is ideally suited to take advantage of a grain-based ethanol industry. Ethanol is a clean burning, environmentally friendly fuel, and we are moving forward with a pioneering ethanol strategy, Mr. Speaker.

## Research & Development

Mr. Speaker, Saskatchewan's Partnership for Prosperity strategy sets a target for our province to "become a world leader in research and development".

As home to Canada's only synchrotron, we are moving forward, Mr. Speaker. This budget commits almost \$132 million, directly or indirectly, for Research and Development Initiatives. The Government's R & D expenditures are primarily focused in the areas of agriculture – including biotechnology, medicine and health care delivery, and natural resource extraction and processing.

These research expenditures include:

- Over \$20 million in R & D activities by government departments and agencies like the Saskatchewan Research Council
- \$34 million provided by the Province to fund specific research and development activities by third parties, particularly the universities
- more than \$62 million in R & D activities at the universities, funded through their operating grants
- Increased health research funding from \$5.2 million to \$9.2 million, and,
- More than \$6 million in tax incentives to encourage private sector R & D in the province.

In addition, Crown corporations are actively involved in R & D related to their fields of business.

Research and development initiatives are vital to ensure Saskatchewan stays competitive and is at the leading edge of technological advances.

## Making Business Taxation Competitive

Mr. Speaker, this government has taken a number of steps to help Saskatchewan businesses be more competitive.

We have reduced the small business income tax rate by 40 per cent and the level of income to which this rate applies has been increased from \$200,000 to \$300,000.

We have also introduced a number of important, targeted tax changes that have assisted specific segments of the provincial economy, including manufacturing and processing, the film industry and our natural resource sector.

A recent KPMG survey comparing cities from all over the world ranked our province's four largest cities as very cost-competitive places to do business.

Saskatoon ranked second in a survey of 17 major cities in the Canadian and US Midwest – ahead of Calgary, ahead of other major Canadian cities, including Vancouver and Toronto. Even the Fraser Institute ranks Saskatchewan the third best province in Canada in which to invest.

This budget simplifies tax compliance for small businesses by doubling the PST filing and remittance thresholds. About 3,000 Saskatchewan small businesses will benefit.

It also introduces an important change to the Corporation Capital Tax that focuses on Saskatchewan businesses and job creation.

The current \$10 million threshold that exempts smaller Saskatchewan corporations will be increased, by up to 50 per cent, to as high as \$15 million.

About 100 additional Saskatchewan corporations will be exempted from the Corporation Capital Tax rolls, and all taxable companies will be encouraged to employ more Saskatchewan workers. The increased exemption will apply based upon the proportion of total salaries and wages that are paid in Saskatchewan. If all of the wages and salaries are paid to Saskatchewan residents, then 100 per cent of the additional \$5 million exemption will apply.

This change will result in Saskatchewan having the highest Corporate Capital Tax exemption level of the nine provinces with a corporate capital tax.

With this budget, we continue to move forward to improve tax competitiveness for businesses in our province.

## Personal Income Tax Reform

I want now to say a few words about personal taxes.

Mr. Speaker, in the 1999 Budget Address, I announced that we would appoint a committee to review personal income tax, that we would ask for a report by the fall, and that we would present a plan of action in the following year's provincial budget.

This announcement followed a series of reductions in the Provincial Sales Tax, which had reduced our rate by one-third, giving Saskatchewan, at 6%, the lowest provincial sales tax rate in Canada among those provinces with a sales tax.

We appointed the committee. We received their report. We presented a plan of action, all within one year.

On July 1, 2000, we reduced personal income taxes.

On January 1, 2001, we abolished the flat tax. We abolished the high-income surtax. We abolished the debt reduction surtax. We reduced income taxes. We introduced the child tax credit, and the senior's tax credit. We increased the basic personal credit. We increased the other credits.

On January 1, 2002, we cut personal income taxes again. We increased the child tax credit. We increased the senior's tax credit. We increased the amounts of other credits.

Mr. Speaker, we have done what we said we would do. We committed to lower personal income taxes, and families with children have received the biggest reductions.

I am proud to say that Saskatchewan is the only province in Canada with universal tax credits for dependent children and for seniors.

So far, income tax reform has put \$330 million per year more into the hands of Saskatchewan people.

Fifty-five thousand low-income people are being taken off the income tax rolls altogether.

The average family pays \$854 less in provincial income tax today than they did in 1999 – and almost a full third less than what was paid in 1993 – a total saving of \$1,300 each and every year.

Our tax reform plan called for one more round of personal income tax cuts, to take effect next January 1st. In these challenging times, some might have expected us to put that further tax reduction on hold, as other provinces are doing.

Mr. Speaker that will not be the case. I am pleased to announce that our budget will include \$78 Million in further personal income tax cuts for Saskatchewan people, effective January 1, 2003.

We gave our word. We will keep our word.

And we will keep our commitment to end “bracket creep.” We will index tax brackets and tax credits so that Saskatchewan families will receive tax breaks every year.

I am pleased to announce that this budget contains no increase in the Provincial Sales Tax, no increase in Personal Income Taxes, and no health care premiums.

Now, Mr. Speaker, there are those who say we should cut taxes even more.

They claim that it’s not enough to reduce personal income taxes by one-third, to cut the Provincial Sales Tax by one-third, and to decrease small business income tax rates by 40 per cent.

They refuse to acknowledge this progress, and they say “Trust us, we can cut your taxes even more, and still improve public services, without running a budget deficit”.

Mr. Speaker, there is a basic rule which police often use to warn consumers about the latest scams and fraudulent schemes that often hit our communities. They tell people “If it sounds too good to be true, it probably is”!



## Prudent Financial Management and Public Debt

Mr. Speaker, a budget is a good time to talk about debt. I want to repeat our position on debt, beginning with the distinction between Crown debt, on the one hand, and operating debt, on the other.

Crown Corporations, as a matter of course, have some level of debt. They build power lines, take High Speed Internet throughout the province, and so on.

These are infrastructure investments, the cost of which should be amortized and paid for over time, by those who will use and benefit from them. This is self-liquidating debt, and is quite appropriate.

On the operating side, debt to pay for day-to-day operations is not usually a good thing. Debt to build public infrastructure for today and tomorrow may be. Here, too, we should aim for a reasonable approach. Public debt does not have to be “zero”. It should be some reasonable percentage of the gross domestic product. Our tax-supported debt has gone from 41 per cent of GDP in 1993 to 23 per cent today. Interest costs have gone from a high of \$882 million to a low of \$621 million last year.

Saskatchewan currently has the third lowest debt to GDP ratio among the provinces. In the near future, the Department of Finance will be researching the possibility of targets for public debt as a percentage of GDP.

Mr. Speaker, we have gone from being one of the worst provinces in Canada when it comes to debt, to being one of the best.

Let me repeat, we are now one of the best, and our position relative to other provinces is improving, as they go into large deficits.

That is why Saskatchewan has received nine credit rating upgrades since 1995, Mr. Speaker.

We committed to getting our debt under control. We did it. We are committed to doing more, and we'll continue to move forward on that commitment, Mr. Speaker.

### Conclusion: Hope for the Future

Mr. Speaker, I began this address recounting the economic challenge. I am confident that we will meet the challenge. Private sector forecasters agree. They see Saskatchewan's economy growing by 1.6 per cent this year, and 3.2 per cent next year.

Statistics Canada's annual survey of investment plans sees an increase of 9.3 per cent in capital spending for 2002 – the highest rise in investment in Canada, including a tripling of investment in manufacturing. CMHC projects a 26 per cent increase in housing starts for Saskatchewan. There are 10,000 more people working than two months ago.

Mining, forestry, value-added and diversified agriculture, oil and gas expansion, information technology and agbiotech will continue to move us forward.

And we heard at the beginning of today's proceedings about the optimism of several towns in Saskatchewan for the upcoming year. Mr. Speaker, while I am pleased to hear the forecasts of the experts. I am made even more pleased with the confidence shown by Saskatchewan people.

Mr. Speaker, in three short years, Saskatchewan will celebrate its centennial as a Canadian province.

In Saskatchewan's near-century, we have survived two world wars, one horrible prolonged drought and depression, and a few other bumps along the way – and we have always come out the better on the other side. We have moved forward. Over the years, our society and our culture have become richly varied, our economy has become diversified – better able to withstand those bumps.

Mr. Speaker, in this past year, other peoples in other parts of the world have suffered much more than a small bump to their economy. We are fortunate to live in this land, and this province, as a glimpse at any newscast will remind us. I do not wish to divert attention from our very real challenges, but I do suggest we put them in some perspective as we count our blessings.

Our government remains committed to not only meeting the challenges of today, but also to making the decisions which will help our province and its people greet its second century with new optimism and new hope for even greater prosperity and opportunity.