

# ***Meeting The Challenge***

*Provincial Budget 2017-18*

**2017-18 BUDGET ADDRESS  
“MEETING THE CHALLENGE”**

Honourable Kevin Doherty  
Minister of Finance  
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*Check against delivery*

## **INTRODUCTION**

Mr. Speaker, colleagues, and visitors, I am honoured to rise today to present our government's 2017-18 Budget—my second as Minister of Finance.

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## **FISCAL CHALLENGES**

Mr. Speaker, Saskatchewan is facing a challenge.

Today's budget is about meeting that challenge.

It has now been two-and-a-half years since the price of oil started to drop in the fall of 2014.

Mr. Speaker, I wasn't the Finance Minister then.

But I vividly recall the worry of oil dropping from \$100 to \$80 a barrel as a member of treasury board.

Today, I can tell you, I would like the opportunity to again worry about \$80 oil.

It spiraled down to under \$30 eventually, before starting its very slow and very modest climb, with stumbles along the way.

But even as this was happening, other parts of Saskatchewan's diverse and resilient economy have remained relatively strong.

The latest employment numbers released just two weeks ago showed Saskatchewan with the strongest job growth in Canada.

But the economy is different than the budget, so as low oil and potash prices continued to last longer than many had initially forecast,...

Saskatchewan's resource revenues have declined by over a billion dollars a year, depleting reserves and the rainy day fund.

And so, our budget challenge is clear.

We must move away from our reliance on resource revenues, and we must return the budget to balance.

Today's budget is our government's plan to do exactly that!

Our plan will return the budget to balance by:

- controlling and reducing spending;
- modernizing and expanding the tax base; and
- ensuring our economy remains strong.

Our plan includes a number of revenue measures to help meet the current financial challenge and provide greater revenue stability,...

While at the same time, maintaining the Saskatchewan advantage of low personal income tax and business tax rates.

And our plan controls and reduces spending, while continuing to invest in programs, services and infrastructure for the benefit of all Saskatchewan people.

This budget sets our course—our plan for returning to balance,...and keeping Saskatchewan's economy strong for the one million, one hundred and fifty-five thousand people who now call this great province home.

### **FISCAL PICTURE**

After careful consideration, our government made the decision that returning to balance in one year would have been too drastic of a shock to the economy and to the delivery of government programs and services.

A deficit of \$685 million is budgeted for this year.

A smaller deficit of \$304 million is projected for 2018-19.

And we will return to balance in three years, with a \$15 million surplus forecast for 2019-20 and a \$183 million surplus in the 2020-21 fiscal year!

Total revenue with this budget is forecast at \$14.17 billion, up one percent or \$141 million from last year's budget, but up \$471 million from our third quarter forecast.

Expense is forecast at \$14.80 billion, up \$342 million from last year's budget, or 2.4 per cent, but down \$183 million from the Q3 forecast.

This year's budget and each year of our four-year medium term forecast also includes a \$300 million contingency to protect against unexpected in-year revenue declines, potential expense pressures due to higher utilization, and unforeseen costs related to natural disasters such as floods and forest fires.

### **CONTROLLING SPENDING**

As we developed this budget and our four-year fiscal plan, we needed to take a hard look at everything we do in government.

We needed to ensure the sustainability of high-quality public services and programs—in particular those core services that Saskatchewan people expect and deserve from their government.

In those areas, our job as government is clear – to provide the best possible services to Saskatchewan people at the lowest possible cost to taxpayers.

In order to control spending it was critical to focus on priorities.

That means we will continue to fund important public services, while at the

same time, always looking for more cost-effective ways to deliver those services.

It also means that in some areas, government funding will be reduced, suspended or eliminated entirely.

Those decisions were needed to meet the challenges of controlling spending in this budget and putting Saskatchewan on track to balance the budget within three years.

### **COMPENSATION**

Government currently spends about \$7 billion a year on public sector compensation.

So any meaningful effort to reduce spending must include an overall reduction in that area.

This budget includes a \$250-million reduction for compensation across the entire public sector, starting in the 2017-18 fiscal year.

That's about 3.5 per cent.

On March 7<sup>th</sup>, the Premier announced that our government would start at the top by the Premier, Ministers and MLAs taking a 3.5 percent pay cut.

We have been clear: We will not ask our public-sector workers to do anything we aren't prepared to do ourselves as elected officials.

Staff in the Premier's and ministers' offices will take nine unpaid days off a year, reducing their pay by about 3.5 percent.

The reduction to MLAs' and political staff salaries will save about half a million dollars a year.

That's a good start, but we must go much further.

We expect the 3.5 percent compensation savings across government to be achieved through negotiations with the unions that represent in-scope employees.

The 3.5 percent compensation savings will also be required of government's out-of-scope employees.

There are many ways to achieve these kinds of savings across government.

We are not prescribing any specific measures.

Instead, our government is setting a savings target as the funder of public-sector compensation.

We are hopeful the various employers and their respective bargaining units will work together to achieve these savings through negotiation.

### **STC and EXECUTIVE AIR**

Mr. Speaker, we are announcing in this Budget that the Saskatchewan Transportation Company is being wound down by the end of May 2017.

Over the past 10 years, STC ridership has declined significantly and costs have gone up.

For many years, STC has only been able to continue operating with a large annual subsidy from taxpayers, and that subsidy has grown every year.

10 years ago, the STC subsidy was \$25 per passenger.

Today it is \$94 per passenger.

\$85 million would have been needed from government to continue operating

STC for the next five years.

Given other priorities like health care, education, social services and infrastructure, STC has become unsustainable.

Our government recently announced the wind down of Executive Air Service, which was used primarily to fly members of cabinet to meetings and functions around the province.

Since our government took office, we have reduced the use of Executive Air by 73 per cent.

It no longer made sense to continue this service.

This decision is expected to save up to \$1 million annually.

Mr. Speaker, our government thanks the hard working and professional staff of both STC and Executive Air for their many years of dedicated service to the government, and more importantly, the people of Saskatchewan.

### **OTHER SPENDING REDUCTIONS**

There are other reductions throughout Government.

In health, some services that were provided by the regions and are available from the private system are being phased out or reduced: the hearing aid plan, podiatry services, orthotics and equipment to help with sleep apnea.

Coverage will continue to be provided by government for low-income residents for these services.

However, Chiropractic services will no longer be covered for anyone.

Long-term care fees will increase to some residents based on income. About 50 per cent of residents won't be affected, and the province will

continue to subsidize 83 per cent of the overall cost of long term care.

The Community Rink Affordability Grant has been suspended, regional park funding has been reduced by 50 per cent, and funding to Meewasin Valley Authority has been decreased by \$409 thousand.

There is a legislative and governance change related to Wascana Centre Authority in the Budget.

Government is assuming responsibility for Wascana Centre Authority and integrating it into the Provincial Capital Commission.

This change will streamline the approach to operations and investments in the Park.

The partners, which include the City, the University and government, will all continue to have input into decisions.

And while we continue to renew infrastructure in provincial parks, continue to invest in our arts community and continue to grow a creative economy, there will be reductions in those areas to help us meet the financial challenge.

Funding to regional libraries is being decreased by \$3.5 million, and funding for Regina and Saskatoon public libraries is being eliminated, a reduction of \$1.3 million.

And the Saskatchewan Advantage Grant for Education Savings (SAGES) will be suspended effective January 1, 2018.

While government funding has been reduced in all of those areas, it is important to look at the strong funding base we have established across government.

Health care, education and social services and assistance make up about three-quarters of the overall budget.



Since 2007, our government has increased funding in those three areas by \$4.4 billion or 72 per cent.

## **HEALTH**

Health care is the number one spending priority for our government.

This budget invests \$5.6 billion in health care, up \$39 million or 0.7 per cent from last year.

Over the past decade, health funding has grown by almost \$2 billion or 53 percent.

This budget includes a new \$12 million investment to address overcapacity pressures and emergency department wait times in Regina and Saskatoon, as well as \$24.4 million to address services pressures and operating costs.

This budget also commits \$83.7 million for health capital, up \$12.3 million or 17 per cent compared to last year.

The Saskatchewan Cancer Agency will also receive more than \$170 million—a \$3.3 million increase in funding—to provide treatment to more cancer patients.

The Health budget includes \$3.4 billion in funding for Regional Health Authorities (RHAs).

This is an increase of 1.2 per cent over last year and 58 per cent more than the RHA allocation in 2007.

Health system transformation and the shift to a single provincial health authority will support our government's efforts to meet the challenges Saskatchewan is facing.

Savings of between \$10 million and \$20 million will be gained over time, through reduced administration and increased efficiencies, beginning in 2018.

But the true value is that the change is driven by our Government's commitment to improve front-line care for Saskatchewan people.

## **EDUCATION**

Total education funding, including Pre-kindergarten to Grade 12 and post-secondary education, is budgeted at \$3.6 billion, down \$45 million or 1.2 per cent from last year.

Our government continues to invest in student success in the Pre-K to Grade 12 system by providing more than \$2 billion for the education of our young people.

That's 6.7 percent less than last year, but much of this decrease is due to a \$262 million decrease in funding for 18 new joint-use schools in nine locations in Regina, Saskatoon, Warman, and Martensville.

And what is the reason for that funding decrease, Mr. Speaker?

It's because construction of those 18 new schools will be completed 100 days from today and those 18 new schools will be open to students.

In addition, there is \$2.1 million in this budget to begin planning of two new school projects, in Rosthern and Weyburn.

This budget provides Saskatchewan's 28 school divisions with \$1.86 billion in school operating funding.

In addition, this budget provides nearly \$56 million in child-care funding, providing for 889 new spaces to be created across the province.

This will bring the total number of new child-care spaces created in the past

10 years to more than 6,500.

Earlier today, our government received and released the final report from the Panel on Education Governance Renewal.

I'm pleased to advise, Mr. Speaker, that we accept all of the recommendations in the report.

This means we are keeping elected school boards in Saskatchewan, and there will be no major school division boundary changes.

Legislative changes will be made in the coming year to clarify roles within the education sector and create efficiencies.

And we will also find ways to better engage with First Nations and Métis on education.

There was also a clear message in the report that more must be done to control spending in the education sector.

As a result, our government will introduce amendments to The Education Act that will create a framework for shared services and consistency in areas such as procurement, bussing, payroll, and salary range for school division administrators and elected trustees.

### **ADVANCED EDUCATION**

This budget also continues to invest in our post-secondary students, Mr. Speaker.

High-school graduates from Saskatchewan will continue to receive \$500 per year off their tuition for up to four years through the Saskatchewan Advantage Scholarship.

And post-secondary graduates will continue to get their tuition costs back

through the Graduate Retention Program, which provides up to \$20,000 in income tax credits to graduates who live and work in Saskatchewan.

Post-secondary students will also continue to benefit from more than \$46 million in key financial supports.

Mr. Speaker, over the past decade, our government has invested \$8.3 billion in post-secondary institutions and student supports.

However, in recognition of the fiscal challenges facing the Province, overall spending at the Ministry of Advanced Education in this year's budget will be reduced by \$44 million, or 5.8 percent.

Post-secondary institutions will receive a 5 percent reduction, \$30 million in total, in base operational funding.

Despite this reduction, this budget continues to provide strong support for Saskatchewan's post-secondary institutions, with \$649 million in operating and capital funding.

Starting in August, students applying for loans will access up-front provincial grants targeted to those students who need it most.

When combined with the Saskatchewan Advantage Scholarship and federal grants, the new system will cover most, in some cases all, of a lower-income undergraduate student's tuition costs.

The new, more transparent system will let students know how much they can borrow for their education and how much they can expect to receive in grants.

### **SOCIAL SERVICES**

Social services and assistance funding is expected to be \$1.4 billion in this budget, an increase of \$113 million, or 9 per cent over last year – a record

amount!

In the past decade, funding in this area has grown by more than \$450 million, or 51 per cent.

This level of funding demonstrates our government's commitment to supporting at-risk children and families, people with disabilities, seniors, and low-income people and families.

This budget increases funding for disability programs by \$2.3 million to more than \$209 million.

This increase will support individuals with intellectual disabilities to participate in their communities.

An overall increase of more than \$67 million for Income Assistance will help address larger caseloads and more complex cases.

This budget also provides increased funding for the Seniors Income Plan, Personal Care Home Benefit, and Saskatchewan Employment Supplement.

We are continuing to invest in our current Income Assistance programs to meet the needs of Saskatchewan people.

At the same time, we recognize those programs are outdated and, at times, overly complex.

We need a new program that's simpler for clients and workers, that focuses on the basic needs of our most vulnerable people, and that's sustainable for the future.

Work is well underway on an Income Assistance Redesign that will transform our current programs and help us achieve these goals.

Social Services' budget also includes some reductions.

The First Home Plan for recent graduates will be suspended, for savings of \$8 million.

Changes will also be made to some benefits in the Transitional Employment Allowance, Saskatchewan Assistance Program, and the Saskatchewan Assured Income for Disability program, saving \$10.6 million.

Our goal is to focus our resources on helping those who have no other means of support.

The changes we are making this year in Social Services will help us to meet the basic needs of a growing number of people, while we transform Income Assistance to better support those in greatest need.

Mr, Speaker, while three-quarters of every tax dollar will continue to be spent on health care, social services, and education, this budget funds important programs and services in other areas as well.

### **INFRASTRUCTURE**

Investing in infrastructure continues to be a priority for our government.

Overall, this budget includes \$3.7 billion for investment in Saskatchewan's infrastructure.

In addition to providing much-needed highways, hospitals, schools and bridges for our growing population,...

Capital projects create well-paying construction jobs here in Saskatchewan, which helps keep our economy strong.

In this budget, \$1.6 billion is being invested in infrastructure by government ministries and agencies,...

And our commercial Crown sector is investing \$2.1 billion.

This year's \$1.1 billion allocation to the Ministry of Highways and Infrastructure constitutes the second-largest Highways budget in Saskatchewan's history.

This level of funding demonstrates our government's commitment to provide infrastructure that grows our economy and improves safety for Saskatchewan people.

This year's budget includes \$500 million for the Regina Bypass and \$343 million to start or continue construction on other transportation projects across the province.

This budget also invests more than \$53 million to build, operate, and maintain highways and airports in northern Saskatchewan, as well as more than \$20 million for urban and rural municipal road projects and airports.

We know there is still more work to be done, but our government's record is clear.

With this year's budget, we've now invested more than \$7.4 billion to improve more than 12,000 km of roads and highways in Saskatchewan.

Major Crown projects in the coming fiscal year include \$1.3 billion at SaskPower—primarily to renew distribution and transmission systems, along with expansion and renewal of electricity generation assets to meet customers' growing power needs.

Investment of \$302 million is projected at SaskTel to increase and upgrade its wireless and wireline networks, improve customer service through network growth and modernization, and continue the rollout of infiNet, its high bandwidth broadband service.

SaskEnergy is forecast to spend \$292 million to ensure safe and reliable service that meets continually growing customer demand.

And SaskWater plans to invest \$81 million in 2017-18 to address aging infrastructure and customer growth.

Capital spending in this province is up dramatically since our government took office in late 2007.

Annual private and public capital investment has increased by nearly 75 per cent in Saskatchewan.

We've gone from annual capital investment of \$8.3 billion in 2007 to \$14.5 billion forecast for this year.

In fact, the total capital investment in private and public projects in Saskatchewan since our government was elected in 2007, to the end of this year, will be \$158 billion.

That massive capital investment, by both government and the private sector, is a tremendous vote of confidence in the future of our province.

Mr. Speaker, this budget maintains the Municipal Revenue Sharing formula introduced by our government shortly after taking office to address the long-standing underfunding of municipalities by the previous government.

This year, Saskatchewan municipalities will receive almost \$258 million in Revenue Sharing – more than double what they received a decade ago – based on our formula of one point of PST revenue from 2015-16.

At the same time, we are asking municipalities to share in our efforts to meet the current financial challenge.

This budget discontinues SaskPower and SaskEnergy's grants in lieu of taxes to municipalities.



Because this change disproportionately impacts the City of Regina, measures will be taken to mitigate that impact.

### **CRIME REDUCTION COMMITTEE**

Mr. Speaker, one area where our government has heard concern in recent months, up to as recently as last week's SARM convention, is the need to reduce crime—particularly property crime in rural and remote areas.

That is why we have allocated \$1 million for initiatives to respond to the recommendations of the Caucus Committee on Crime Reduction.

This report will be released in the coming weeks.

### **EXPANDING THE REVENUE BASE**

Mr. Speaker, our government made every effort to control and reduce spending while still providing the level and quality of government services Saskatchewan people expect and deserve.

But those efforts alone were not enough to deal with the resource revenue shortfall.

We still needed to reduce our reliance on resource revenues.

We needed to expand the tax base, but to do so in a way that maintains our Saskatchewan advantage.

The 1999 Saskatchewan Personal Income Tax review said that income taxes have a greater negative effect on the economy than consumption taxes, and reducing personal income tax rates while increasing consumption taxes would achieve economic efficiency and growth.

That makes sense, and that is the approach we have taken.

So while some taxes will increase, there are also gradual reductions to income taxes for every Saskatchewan taxpayer in support of our government's plan for growth.

### **PROVINCIAL SALES TAX**

In this budget, effective midnight tonight, Provincial Sales Tax is being raised by one point, from five to six percent, to help meet the current financial challenge.

Saskatchewan will continue to have the lowest provincial sales tax rate in Canada among provinces that have a provincial sales tax.

The PST base is also being expanded, effective April 1<sup>st</sup>, by eliminating or reducing a number of exemptions to provide greater revenue stability.

The PST will now be applied to children's clothing, restaurant meals and snack foods, insurance premiums, construction services and permanently-mounted equipment used in the resource sector.

The exemption for used cars will continue, but the value of a trade-in will no longer be deductible in determining the PST on the purchase of a new vehicle.

The exemptions for basic necessities including groceries, heating fuels, residential electricity, prescription drugs, and reading materials will also continue.

### **PERSONAL INCOME TAX**

As we shift our tax base toward a greater reliance on consumption taxes,...

We will reduce taxes on income and productivity.

This budget lowers all three Saskatchewan income tax rates by a half point on July 1, 2017 and by another half point on July 1, 2019.

And for those individuals and families whose income is below the level where they pay income tax, the Saskatchewan Low-Income Tax Credit will be enhanced by \$100 per adult and \$40 per child.

That means every Saskatchewan taxpayer at every income level will see a decrease in their income tax rate,...

And those whose income is too low to pay income tax will see an increase in the Low-Income Tax Credit they receive.

Mr. Speaker, it is worth remembering that since 2007, this government has delivered the largest tax reductions in Saskatchewan history,...

And removed 112,000 low income residents from the income tax rolls altogether.

Even with this PST increase, every Saskatchewan resident at every level of income will still be paying significantly less in income tax and PST combined than they did in 2007 under the previous government.

A single person with \$40,000 income will pay \$749 - or 20 per cent less in taxes than in 2007,...

While a family of four with \$50,000 family income will pay \$2,366 – or 77 per cent less – than they did in 2007.

### **CORPORATE INCOME TAX**

This budget also lowers the general Corporate Income Tax by a half point on July 1, 2017 and another half point on July 1, 2019 ... to 11 percent.

While maintaining our Manufacturing and Processing Tax rate reduction.

When these changes are fully implemented, Saskatchewan will have the lowest corporate tax rate and the lowest tax rate on manufacturing and processing in the country—giving Saskatchewan a tremendous advantage to attract new business investment and jobs to our province.

## **INNOVATION INCENTIVE**

In addition, in this budget we are following through on our election commitment to introduce North America's first tax incentive for patents.

The new Saskatchewan Commercial Innovation Incentive will reduce the Corporate Income Tax rate to 6 percent on taxable income earned from the commercialization of patents and qualifying intellectual property.

This incentive will be provided to companies that contribute substantially, through job creation and new investment, to economic development in Saskatchewan.

The incentive will provide a lower tax rate for a period of 10 years.

Companies will be able to extend the benefit period to 15 years if the qualifying intellectual property was substantially developed in Saskatchewan.

It's another Saskatchewan advantage that will attract investment, opportunity and jobs to our province, Mr. Speaker.

This budget also reforms the Research and Development tax credit to better target smaller and medium-sized Saskatchewan innovation companies.

And the Oil Processing Investment Incentive encourages processing of our oil resources in the province, with royalty credits on new production.

## **OTHER REVENUE MEASURES**

There are a number of other revenue measures in this year's budget.

Effective April 1, the current partial Fuel Tax exemption for bulk purchases of gasoline will end.

And the exemption for bulk purchases of diesel fuel is being reduced to 80

percent of purchases.

Effective for the 2018 taxation year, the rate for the Labour-sponsored Venture Capital Tax Credit is being reduced from 20 percent to 15 percent.

The maximum annual tax credit that can be earned will decline from \$1,000 to \$750.

The Budget also eliminates the Employee's Tools Tax Credit, effective for the 2017 taxation year, and education and tuition tax credits, effective July 1st of this year.

Unused education and tuition amounts carried forward from previous tax years can still be claimed, but new credits cannot be earned after June 30th.

The annual indexation of the personal income tax system is being suspended, starting with the 2018 tax year.

Effective midnight tonight, tobacco tax rates will increase by 2 cents per cigarette, from 25 cents to 27 cents, with corresponding increases for cut tobacco.

Effective April 1, wholesale liquor mark-ups will go up across-the-board by between 4 and 6.8 per cent.

Prior to 2013, credit unions received preferential federal and provincial corporate income tax treatment by way of a lower tax rate on a portion of their income.

In 2013, the federal government began a five-year phase-out of its preferential tax treatment.

This budget begins the phase-out of the preferential provincial tax treatment over four years, beginning in 2017.

This budget also raises the Corporation Capital Tax rate on financial institutions from 3.25 to 4.0 percent, effective April 1st.

This budget also sets the Education Property Tax mill rates for 2017.

Mill rates for all classes of property have been lowered.

However, because of reassessment and increased property values across the province, actual tax revenue collected through Education Property Tax will increase by about 9.8 per cent.

The EPT change for each specific property will vary, based on the reassessed value of that property.

The education property tax system was redesigned and property taxes were lowered significantly in 2009.

As part of that redesign, the government committed to a 60/40 split for the funding of education - 60 per cent coming from the government's grants and 40 per cent from EPT.

In recent years, EPT has remained unchanged while education costs have continued to increase.

This budget restores the 60/40 balance.

### **IMPACTS**

In total, measures being taken this year will add a projected \$900 million in incremental tax revenue, significantly decreasing the province's reliance on resource revenues to fund government services.

When taken as a whole, the impact of these measures on real GDP, on our economy, is minimal.

The negative impact of the tax measures is largely offset by the positive economic impact of the income tax reductions, combined with government's spending, including ongoing investment into infrastructure.

### **RESILIENT ECONOMY**

Mr. Speaker, at a time when resource sector challenges remain, there are signs of confidence and renewal in Saskatchewan's economy.

A few weeks ago, Saskatchewan was named the best place in the world to invest in mining.

Number One in the world, Mr. Speaker, up from our Number Two ranking last year.

Competitive tax regimes, efficient permitting procedures, and certainty surrounding environmental regulations and land claims were among the reasons for our province's top rating.

As a government, we're doing everything we can to encourage industry and ensure we are competitive and friendly to investment—in mining and in all the other sectors of our economy.

Our agriculture industry has also become a big part of Saskatchewan's economic success story.

Even with the late harvest and significant amount of crop left in the field in 2016,... Saskatchewan producers took off the second-largest crop in our history – more than 35 million tonnes.

Crop production has surpassed 30 million tonnes for four consecutive years, as ag exports have doubled over the past decade.

And our province continues to grow.

When our government was first elected – even before we were elected – we set a goal of growing Saskatchewan’s population by 100,000 people in 10 years.

It was a goal that was called impossible by some.

2017 marks our government’s 10<sup>th</sup> year in office.

And our population has grown by over 160,000 people in the past 10 years.

Today, we are tabling a plan to ensure that growth continues.

### **CONCLUSION**

Mr. Speaker, the challenge we are facing is clear.

In 2014-15, our province received \$2.6 billion in resource revenue.

Just two years later, in 2016-17, falling resource prices have cut that amount in half—to just \$1.3 billion.

Our projections show that resource revenue will remain at about that same level in the coming year.

That’s a \$1.3 billion dollar hole in our budget,...

At a time that our province’s population and demands on government services continue to grow.

So that's the challenge.

How do you close a \$1.3 billion gap, while ensuring Saskatchewan’s economy remains strong and our province continues to grow?



There is no quick fix or easy solution.

This budget meets the challenge by taking a number of significant measures—including some difficult but necessary measures—on both the revenue and the spending side.

We know that moving too far, too fast could jeopardize the economic strength our province is showing.

So this budget will meet the challenge by returning to balance over three years.

On the spending side, we have made decisions about the size and the role of government ... in order to ensure that important government services are affordable and sustainable in the long run.

On the revenue side, this budget represents a fundamental shift in our tax system toward consumption, but away from income and productivity,...

And away from our reliance on resource revenues.

So while this budget does include an increase to the PST ... it also delivers an income tax reduction for every Saskatchewan income-tax payer at every income level.

This fundamental change in our tax system will help close the revenue gap while at the same time keeping our economy strong.

It is important that we return to balanced budgets.

And it is important that we continue to ensure a strong and growing economy.

Mr. Speaker, this budget will meet the challenge, ... and will keep Saskatchewan strong.