

LEGISLATIVE ASSEMBLY OF ALBERTA

Friday Evening, February 7, 1975

[Mr. Speaker resumed the Chair at 8 p.m.]

MR. MINIELY:

Mr. Speaker, I have received certain messages from His Honour the Lieutenant-Governor which I now transmit to you.

[The House rose.]

MR. SPEAKER:

The Lieutenant-Governor transmits estimates of certain sums required for the service of the province for the 12 months ending March 31, 1975 and recommends the same to the Legislative Assembly. The Lieutenant-Governor transmits Estimates of certain sums required for the service of the province for the 12 months ending March 31, 1976 and recommends the same to the Legislative Assembly.

Please be seated.

GOVERNMENT MOTIONS (reversion)

6. Hon. Mr. Miniely proposed:

Be it resolved that the messages of His Honour The Honourable the Lieutenant-Governor, the Estimates and all matters connected therewith be referred to the Committee of Supply.

MR. MINIELY:

Mr. Speaker, I beg leave to table a copy of the Estimates of Expenditure and move that the messages of His Honour the Lieutenant-Governor, the Estimates, and all matters connected therewith, be referred to the Committee of Supply.

[The motion was carried.]

7. Hon. Mr. Miniely proposed:

Be it resolved that this Assembly approve in general the fiscal policies of the government.

BUDGET ADDRESS

I. INTRODUCTION

Mr. Speaker, on March 17, 1972 I was privileged to present to this Assembly the first Budget of our government in Alberta.

This fourth budget of our government reflects our success in achieving new directions and new priorities in Alberta.

This budget reflects the strong financial position Alberta now enjoys and the great economic success which the province has enjoyed over the past three years.

This budget reflects our commitment:

that all Albertans - our senior citizens, our wage earners, our farmers, our small businessmen, our handicapped - must share equitably in the province's natural wealth and great opportunities;

that all Albertans on fixed incomes and those not in a position to secure adequate gains in incomes must be protected from rising prices and costs, and

that Alberta's natural resources be managed wisely to ensure the future prosperity of all Albertans and to provide opportunities for meaningful and imaginative pursuits by young Albertans.

This budget, Mr. Speaker, provides a balanced response to the social and economic needs of 1975 and the future of our province.

II. ALBERTA'S ECONOMY

Mr. Speaker, I would like to outline briefly Alberta's economy. Despite international economic problems and a distinct slowing of the Canadian economy during 1974, the Alberta economy registered a boom year. Final data is not yet available for gross provincial product in 1974, but a number of economic indicators support this conclusion.

Employment Opportunities for Albertans

In the area of employment opportunities for Albertans, although Alberta's labor force expanded at a record rate during 1974, employment opportunities expanded even more rapidly. During the last quarter of 1974, 96,000 more Albertans were employed than in the same quarter of 1971. As a result, Mr. Speaker, Alberta had the lowest unemployment rate in 1974 of any province in Canada, and the lowest in this province since 1967. Alberta has achieved this low unemployment rate while providing employment for a larger percentage of the working-age population than any other province.

Increased Income for Albertans

Average wages and salaries in Alberta advanced at record rates during 1974, providing substantial real income gains for a large number of Albertans. Although price increases for consumer goods have been large, inflation has been less severe in Alberta than for Canada as a whole. We are concerned, however, with the effect of inflation on personal incomes. This concern is reflected in the programs our government has introduced since we assumed office, and which we are expanding in this fourth Budget.

Another major source of personal income for many Albertans is farm income. In 1973, Alberta farmers' realized net income was more than two times as great as it was in 1971. A further increase, Mr. Speaker, of 40 per cent is expected for 1974.

A Broader-Based Economy for Albertans

Mr. Speaker, one of the objectives of our government has been a broader-based economy for Albertans. The value of manufacturing shipments advanced by about 20 per cent during 1974 as plants constructed earlier began to come on stream. Since 1971, employment in the manufacturing sector has expanded by more than 23 per cent; a more rapid rate of advance than any other sector, with the exception of retail and wholesale trade. Expansion in the service industries, 16 per cent since 1971, has further increased job opportunities for Albertans.

Preliminary estimates indicate investment spending in Alberta increased by 24 per cent in 1974, rising faster than any other demand category. Primary and construction industries had the greatest rate of increase in the business sector in 1974, but manufacturing investment in 1974 was more than two and one-half times the level in 1971.

The value of retail trade advanced by 19 per cent through the third quarter of 1974 indicating strong growth in consumer expenditures. This reflects both the large increases in employment and incomes for Albertans, and a high level of confidence in the future of our province.

Alberta's Economic Potential and Challenges

Alberta's prospects for continued strong growth and our capacity to provide meaningful employment for our residents in the future are important as we look ahead to the last half of the 70s. The government's industrial strategy and economic goals and objectives were set forth extensively by the Premier last October in his remarks to this Legislature.

Opportunities

Opportunities exist for expansion and diversification of our existing economic base:

by continued orderly development of our natural resources;

by further upgrading our natural resources in areas such as petrochemicals to expand our manufacturing sector;

by continued expansion of our service industries, and

by using these opportunities, Mr. Speaker, to strengthen the regional balance of activity within our Province.

Alberta can play a leading and important role in the Canadian economy by utilizing our advantage as natural resource producers to assume an important role in manufacturing and service industries.

External Pressures

Developments in the Alberta economy take place in the context of the Canadian and international economic climate. Most industrialized nations currently face balance-of-payments problems, inflation and serious problems in maintaining output growth. To date, the Canadian economy has fared better than most other industrialized nations in sustaining employment and output due, in large measure, to the significant volume of domestic crude oil production.

At the same time, inflation has continued to accelerate around the world. In Alberta we have taken many steps to offset the rise in prices for those individuals such as senior citizens and others on fixed incomes who are not in a position to secure compensating increases in incomes. This, Mr. Speaker, is the most effective action for a provincial government to take.

It must be borne in mind that increased real incomes for individual Albertans can be achieved in the longer run only by increased productivity. Business, labor and government cooperation in this task are necessary if we are to realize the potential in the Alberta economy.

Mr. Speaker, I would now like to turn to Alberta's financial position.

III. ALBERTA'S FINANCIAL POSITION

Before proceeding to the specific 1975 budget measures, it is important to outline to Albertans the magnitude of the change in Alberta's current financial position. Hon. members will recall that because of the uncertainties and important negotiations surrounding the price of oil, as well as the pending policy on oil royalties, I presented the 1974 Budget on a basis which excluded additional royalty revenues to be generated by our new royalty provisions and our efforts to obtain higher prices for crude oil. On this basis, I presented a budgetary cash surplus of \$19 million and an overall cash requirement of \$128 million. Our latest forecasts, Mr. Speaker, for the current fiscal year, again excluding proceeds from the oil export tax and incremental crude oil royalties, are summarized in the following table. On this basis, and after allowing for special warrants, I anticipate a budgetary cash surplus of nearly \$90 million and an overall cash surplus of about \$25 million for the 1974-75 fiscal year.

The expected outcome for 1974-75 and the Budget which I am presenting this evening, reflect the striking improvement in Alberta's financial position which has taken place since we assumed office in 1971. Mr. Speaker, after running budgetary deficits consistently from 1965-66 to 1972-73, I estimate the result of our first three budgets will be a cumulative budgetary surplus of approximately \$225 million. I would stress again that this does not take into account the incremental oil revenues or the oil export tax proceeds.

Total Financial Position of Alberta

Mr. Speaker, taking into account our current estimate of all General Revenue Fund revenues, including incremental oil royalties and oil export tax proceeds, I estimate the combined income and capital surplus will reach \$1.3 billion by March 31, 1975. Four basic factors have contributed to Alberta's improved financial position:

first, tax revenues have been nearly doubled, reflecting the rapid growth which has taken place in the Alberta economy;

secondly, budgetary oil and gas revenues have nearly tripled, reflecting our energy and royalty policies;

thirdly, incremental oil revenues, reflecting the higher prices we have obtained for Alberta crude oil and our royalty policy that a substantial share of the additional revenues should be claimed for present and future generations of Albertans, and

lastly, improvements, Mr. Speaker, in financial management and responsible expenditure policies have controlled growth in expenditures to a lower rate than growth in revenues.

The government's financial position, Mr. Speaker, presents an historic set of circumstances for designing the 1975 Budget. The large revenue surplus could be used in a number of ways.

The challenge has been to design a budget which:

reflects Alberta's financial strength;

maintains continued confidence in the Alberta economy;

responds in a responsible way to Alberta's social needs in 1975, and

promotes the future well-being and prosperity of all Albertans.

I now would like to turn, Mr. Speaker, to the Budget measures.

IV. PERSONAL AND CORPORATE INCOME TAXES

In view of the additional natural resource revenue accruing as a direct result of our government's energy and royalty policies and the resulting strong financial position of the province, we have two very important personal income tax reductions to propose in this budget.

Personal Income Tax Rate Reduction

Effective January 1, 1975 we are proposing that the Alberta personal income tax rate be reduced to 26 per cent from 36 per cent of federal basic tax. Albertans will now enjoy the lowest personal income tax rate in Canada.

I estimate this 28 per cent reduction in Alberta personal income taxes will increase disposable incomes of Albertans by \$115 million for the 1975 taxation year at a time of substantial increases in the cost of living.

The average tax reduction for each Alberta taxpayer is approximately \$140.

For an average family of four with wage and salary income of \$10,000 the annual tax savings are \$98.

Taxpayers will begin to receive the benefits of the tax reduction in July when the source deduction tables are changed.

This substantial tax reduction, Mr. Speaker, is a logical and equitable way to provide the benefits of Alberta's resource wealth directly to Albertans.

It will provide also additional incentives for private initiative by individuals and the increase in disposable incomes will provide significant stimulus for the Alberta economy.

The government believes that it will be possible to maintain this position regarding personal income tax only so long as oil and natural gas revenues maintain their current levels. In the event that world prices for crude oil or natural gas decline, or in the event that the federal government takes further action to jeopardize these revenues, higher personal income tax rates may be required in the future to finance our normal budgetary expenditures and at the same time maintain our position of having no sales tax in Alberta and the lowest property and gasoline taxes in Canada.

Selective Personal Income Tax Reduction for Lower Income Albertans

Mr. Speaker, in addition to the benefits provided by the general reduction in personal income taxes, we are proposing a selective tax reduction for lower income Alberta citizens to provide \$8 million in additional benefits to an estimated 270,000 Albertans with taxable incomes below \$4,000 - one third of all Alberta taxpayers. The measure will mean that 100,000 Albertans with taxable incomes below \$1,400 will no longer pay any provincial income tax. At taxable incomes above \$1,400, the benefit is reduced gradually so that taxpayers with taxable incomes above \$4,000 will receive no benefits from this selective measure. The combined effect, Mr. Speaker, of the general and selective tax reductions is to reduce Alberta income tax by 64 per cent for individuals with taxable incomes of \$2,000 and by 39 per cent for individuals with taxable incomes of \$3,000.

In addition to the two measures proposed above, the following significant tax reductions will be in effect for 1975.

The Alberta Renters' Assistance Credit

The expanded Alberta Renters' Assistance Credit which was introduced for the 1974 taxation year will continue in effect for 1975. Hon. members will recall that the credit has been expanded in three ways:

1. eligibility for the credit has been broadened to include all rented residences subject to general property taxes;
2. the level of benefits was approximately doubled, and
3. the minimum benefit for most eligible renters is \$50.

This tax credit will provide very substantial relief to lower income renters in Alberta from the increases in rents now being experienced. In addition to the other tax reductions, this program will provide \$125 to a renter with \$5,000 taxable income and monthly rent of \$250.

Other Personal Income Tax Reductions

In addition to the measures outlined above, Albertans will enjoy reductions in provincial income taxes as a result of certain measures introduced by the federal government which we are passing the full benefits of to Alberta citizens. I estimate that as a result of our passing on to Albertans the full benefits of indexing of the provincial personal income tax, Alberta taxpayers will save approximately \$35 million in 1975.

Other measures such as the interest-dividend deduction, the pension deduction and the Registered Home Ownership Savings Plan also will reduce provincial taxes for Albertans in 1975 by an estimated \$15 million.

Business Tax Incentives

Mr. Speaker, as I outlined to the Assembly on January 29, we are proceeding with the development of very significant new Alberta business tax incentive measures to encourage the growth of small Canadian and Alberta-controlled businesses in our province, agricultural processing and diversification of our economy.

We are hopeful, Mr. Speaker, that some of these measures can be implemented for the 1976 taxation year, possibly under the Tax Collection Agreement. In this respect, I am encouraged by the indication that the Minister of Finance for Canada is prepared to consider relaxing the conditions under which the federal government would agree to administer changes in provincial income tax systems.

V. EXPENDITURE PROGRAM

THE RECORD

Mr. Speaker, I now would like to review the accomplishments of our government. The four budgets presented by our government have achieved the new directions and priorities for which we received a mandate in 1971. I would like to review briefly tonight the positive record of this government in implementing these new directions and priorities.

A. FINANCING OF LOCAL GOVERNMENTS

Major new assistance to municipalities was contained in the Alberta Property Tax Reduction Plan introduced in January 1973. The emphasis of the plan was to lessen the extent to which social programs are financed from the local property tax. This was accomplished in two basic ways:

the Province assumed all financial responsibility for hospitals and local health units, and

the education foundation levy on residential property was reduced significantly by means of direct refunds to home-owners, personal income tax credits to renters under age 65 and grants to senior citizen renters.

In our 1974 Budget, the Alberta Property Tax Reduction Plan was extended by removing completely the education foundation levy on all residential property.

In addition to our programs to reduce property taxes directly, we have increased unconditional municipal assistance grants to municipalities and have provided new programs to meet special needs such as transportation and recreation.

Mr. Speaker, our four-year record with respect to assistance to municipalities is unparalleled in any other Canadian province. We have accomplished:

1. \$247 million in direct property tax reductions and indirect property tax reductions of \$33 million. The available data would suggest that property taxes on a typical three-bedroom home in Edmonton and Calgary virtually will be no higher in 1975 than they were in 1971. Mr. Speaker, taxes on residential property are lower in Alberta than in any other province in Canada.
2. \$180 million has been provided by way of unconditional assistance grants.
3. Over \$300 million has been provided for health and social services, transportation, recreation and other programs at the local level.
4. The provincial share of financing the School Foundation Program has increased from 66 per cent in 1971 to 88 per cent in 1975.

B. SENIOR CITIZENS

Mr. Speaker, in the area of assistance to our senior citizens, in our first and subsequent budgets we were determined not only to relieve the inflationary pressures being felt by senior citizens but also to increase government programs for this important group of people who have contributed so much to the life we now enjoy.

I am pleased to announce tonight that we have succeeded, since we formed the government, in providing a total of \$200 million in programs for senior citizens compared to \$25 million in the prior four years. The most significant of the programs introduced by our government for senior citizens have been in the areas of free medicare and other medical benefits, housing, the Assured Income Program of \$235 per month, shelter allowances, and the elimination of the school tax levy on senior citizens. These programs make Alberta the preferred province for senior citizens.

C. OUR ECONOMIC BASE

We have undertaken initiatives to broaden and strengthen our economic base.

1. Expenditures in agriculture to restore the viability of Alberta's primary agricultural industry and to encourage processing of agricultural products in Alberta have increased by 258 per cent since we formed our government. In addition, outstanding

agricultural loans and guarantees have increased from \$37 million in September 1971, to \$344 million in December 1974.

2. We also stressed the importance of Alberta's manpower and the need to provide more training opportunities. To this end we have increased operating budgets for college, technical and vocational education by 100 per cent since 1971. We introduced a manpower planning capability to ensure that Albertans would have the greatest opportunities for new jobs.
3. Our first four budgets have provided \$586 million for roads, almost double that which was provided in the prior four years. This expenditure has developed an Alberta transportation system to support our broadened and strengthened economic base. In two years our support of urban transit will have reached over \$35 million.
4. A fundamental concern of this government is to maintain and improve our quality of life. Since 1971, the operating budget of Alberta Environment has increased sevenfold. A total of \$7 million has been provided for new sewer and water assistance programs. An additional \$60 million has been provided in our capital budgets for resource conservation and water resource development projects. Already 55 communities have put in place or are constructing overdue water and sewer facilities and an additional 42 communities will be serviced in 1975.
5. At December 31, 1974, the Alberta Opportunity Company had approved and committed \$52.3 million under its programs to promote growth and diversification of the Alberta economy, with loans averaging \$113,000 to assist small Alberta businesses.

D. DIRECT ASSISTANCE TO INDIVIDUAL ALBERTANS

Mr. Speaker, in the area of direct assistance to individual Albertans, within this context of an expanded economic base we have been successful in providing direct assistance to those Alberta citizens who need it most. I have already mentioned our programs for senior citizens.

1. Our government, through the Alberta Housing Corporation, has broadened and expanded housing programs, particularly for Native and other rural Albertans and for senior citizens. As a result of this effort, Mr. Speaker, 13,999 housing units will have been made available to Albertans under our four budgets, compared to a total of 7,513 units in the prior four years.
2. We have provided a total of \$11.4 million to improve pensions paid by the Workers' Compensation Board to permanently disabled workers and their dependants. This has improved the benefits by 57 per cent and further improvement is being proposed.
3. Important reforms in mental health that started in our first year have been followed through in each budget, with a total increase of 80 per cent over four years.
4. The special programs in education for the handicapped which we introduced have been continued and increased. In the Department of Health and Social Development, expenditures for the handicapped have increased by 164 per cent over four years.
5. To assure continued excellent health care for Albertans, support for our health system has increased by 106 per cent since 1971-72.
6. In the area of education, we have succeeded in reordering priorities. In this period, expenditures for college, technical and vocational education have increased by 100 per cent, while grants to schools have been increased by 92 per cent and universities have increased by 51 per cent.
7. We have announced several new programs to assist cities, towns, rural areas and group associations to develop and operate parks and other recreational facilities. We have committed \$11 million for support of the 1978 Commonwealth Games. Not including our new program for development of major cultural and recreational facilities, expenditures for municipal and provincial parks and recreational facilities have been increased by 452 per cent.
8. For those who receive public assistance, basic allowances have been increased in two years by 33.4 per cent to offset the effect of inflation in housing, food and clothing. We have announced that payments will be reviewed in February of each year to ensure that these citizens will not suffer because of inflation in the future.
9. To complement the provision of better housing for our Native citizens, our government has undertaken a program to develop better sources of drinking water, particularly for the Metis colonies. A total of 725 water systems will have been provided by the end of the coming fiscal year, at a cost of \$3,135,000.

10. Expenditures for law enforcement, correction and rehabilitation have more than doubled in the last four years.

Mr. Speaker, due to the energy and royalty policies of the Alberta government, these impressive programs have all been accomplished not by increasing taxes - but at the same time, substantially reducing tax burdens on Albertans.

THE 1975-76 EXPENDITURE PROGRAM

The budget I am presenting tonight reflects the concern of this government to provide:

- measures to offset increased costs of living for Albertans;
- assured income and housing for our senior citizens;
- substantially increased assistance to Alberta municipalities;
- improved social programs for Albertans, and
- continued strength and diversification of Alberta's economy.

A. MEASURES TO OFFSET INCREASED COST OF LIVING FOR ALBERTANS

The impact of inflation, particularly on the cost of our social programs, requires several important adjustments in our expenditure programs for the forthcoming fiscal year.

1. Assistance to Persons on Fixed Incomes

This budget recognizes the need to ensure that the real income of persons dependent on fixed incomes is maintained.

- a) Workers' Compensation Board Payments: An additional \$2 million will provide for a further increase of approximately 33 per cent in compensation payments for permanently disabled workers and their dependants.
- b) Public Assistance: An additional \$11.1 million will provide for an average increase of 15.6 per cent in basic allowances for public assistance recipients.
- c) Pensions: \$3 million is provided for cost-of-living increases of up to 11 per cent in the pensions of retired government employees and Alberta teachers; \$500,000 is provided to equalize pensions for female teachers who retired before 1970.

2. Increased Funding of Social Programs

Mr. Speaker, this budget provides substantial funding to meet inflationary cost increases in the provision of social programs. A large element of this increase will result in higher salaries for many Albertans.

- a) Basic Education: The provincial contribution to the School Foundation Fund will provide for a 15 per cent increase in the per pupil grant over and above the basic improvements in education financing which I have previously noted.

- b) Health Care for Albertans:

Hospitalization payments will be increased by \$69 million or 21 per cent, to maintain Alberta's high standards of health care and provide improved incomes for Alberta's hospital workers.

\$7 million is included in the Alberta Health Care Insurance Commission to adjust fee payments to Alberta physicians by 6.5 per cent in recognition of the increased costs of medical practice.

An increase of \$4.3 million, 33 per cent, will maintain and improve health service provided by local health units.

- c) University Financing: An increase of \$23 million, or 25 per cent, will provide for a 15 per cent increase in the basic university grant formula, as well as meeting the costs of increased enrolments and new and improved programs.

3. Direct Measures to Increase Disposable Incomes of Albertans

Mr. Speaker, in addition to meeting inflationary increases in program costs, the direct measures to increase disposable incomes of Albertans provided in this budget will be of significant benefit in offsetting the impact of increased living costs on our citizens.

- a) **Tax Measures:** As previously indicated, the tax measures provided in this budget will increase directly the disposable income of Albertans by \$123 million.
- b) **Utility Costs:** \$56 million will be provided under the Natural Gas Rebate Plan to reduce the cost of natural gas to Alberta citizens. In addition, \$21 million will be refunded directly to consumers under the Public Utility Income Tax Rebate to offset the future rate increases.
- c) **Fuel Oil Distribution Allowance:** In addition to the one-third reduction in fuel taxes provided in the 1974 budget, this budget includes \$10.5 million to continue the rebate of 5 cents per gallon on the purchase of farm fuels and domestic heating fuel. Mr. Speaker, Albertans will continue to enjoy the lowest fuel costs in Canada.

4. Interim Cost-of-Living Adjustment for Alberta's Civil Service

The 1975 Budget includes \$26 million to reflect interim salary adjustments for provincial government employees approved in 1974 to compensate for increases in the cost of living.

B. SENIOR CITIZENS

This budget includes a number of important provisions to improve further the well-being and security of Alberta's senior citizens.

1. Income

Our senior citizens, most of whom are dependent upon fixed incomes, are particularly vulnerable to increases in the cost of living.

The 1975 budget provides:

\$23 million for the new Alberta Assured Income Plan to ensure that every senior citizen receiving old age security and the guaranteed income supplement receives a minimum monthly income of \$235. Approximately 76,000 elderly citizens will receive benefits under the Alberta assured income plan, two thirds of the total number of elderly people in the province. This assured income plan provides benefits greater than those of any other provincial government.

An additional \$1.8 million is provided under the Alberta Property Tax Reduction Plan to increase senior citizen renter assistance grants to \$150 from \$100.

2. Improved Services for Senior Citizens

In addition to improved incomes for senior citizens, this budget provides important new initiatives to ensure adequate health care and housing for our senior citizens and to encourage their participation in all aspects of community and provincial life, including:

- a) \$1.6 million for a variety of new community-based and -related programs for the elderly - these programs represent a commitment on the part of our government to develop those services which will promote independence and enhance the personal and family life of older people;
- b) \$25 million for new senior citizen housing projects, providing 10 new senior citizen lodges and additions to 16 existing lodges;
- c) \$1 million for renovations to upgrade existing senior citizen lodges;
- d) \$16.4 million for extended health care benefits providing dental services, hearing aids, surgical and medical equipment, appliances and supplies, and a major portion of eyeglass costs;
- e) elimination of the \$5 hospital administration charge for senior citizens;
- f) free medical examinations for drivers' licences for senior citizens;

- g) \$1 million for the Senior Citizen Recreation Facility Program.

Mr. Speaker, the Assured Income Plan, combined with all benefits provided to senior citizens by our government, assures our senior citizens the best aggregate benefits of any province in Canada.

C. INCREASED ASSISTANCE TO ALBERTA MUNICIPALITIES

Mr. Speaker, in the area of increased assistance to Alberta municipalities, we recognize the legitimate needs of local governments for increased financial resources to provide services at the local level.

This 1975 Budget contains provision for extending additional financial assistance to municipalities:

\$45.9 million, an increase of 15 per cent, is provided for unconditional municipal assistance grants.

\$2.8 million is provided to lower interest rates to 8 per cent on new borrowings from the Alberta Municipal Finance Corporation excepting borrowings for electric, telephone and natural gas utilities.

\$5 million of additional "tax room" will be provided by way of reducing the education foundation levy on non-residential property by 2 mills from 28 to 26 mills.

Mr. Speaker, total direct financial assistance to Alberta municipalities will increase 28 per cent to \$189 million in 1975.

In addition to this direct financial assistance, unrestricted amounts of financing will be available from the Alberta Municipal Finance Corporation.

D. IMPROVED SOCIAL PROGRAMS

Mr. Speaker, in the area of improved social programs, the 1975 Budget reflects our government's commitment to enhance opportunities and services for all Albertans.

1. Housing for Albertans

In the area of housing for Albertans, the activities of the Alberta Housing Corporation will be substantially increased this year with two major objectives involved:

to provide direct housing assistance to certain disadvantaged and low-income Albertans, and

to directly assist Albertans in home ownership.

The 1975 Budget provides:

- a) \$65 million, a twelvefold increase from the \$5 million budget in 1971, for the direct lending program, which provides mortgage funds, Mr. Speaker, to assist Albertans in achieving home ownership, chiefly directed outside our metropolitan areas;
- b) \$6.6 million for Native housing programs for Alberta Metis citizens;
- c) \$5.5 million for rural housing programs for Alberta farm families,
- d) \$1.5 million, an increase of 73 per cent, to accelerate the provision of adequate water supplies to Native communities.

2. Alberta Hospitals, Health, Education and Public Assistance

Mr. Speaker, in the area of Alberta hospitals, health, education and public assistance, our 1975-76 Budget will ensure that the high standards we have achieved in our social services will be maintained and will provide important improvements in meeting the special needs of our mentally and physically handicapped and low-income citizens.

- a) Hospitals: The largest single item of expenditure by the Province continues to be for the funding of hospitals in Alberta. In the 1971-72 Budget, the amount provided was \$212 million. Only four years later the amount required for hospitals has risen to nearly \$400 million and requires close to 20 per cent of

the province's total operating budget commitments. These costs have nearly doubled in just four years and in total dollars represent by far the largest growth factor in provincial government expenditure.

It is estimated that about 75 per cent of these funds is used to pay salaries and wages to those working in the hospital system. This growth in hospital costs, Mr. Speaker, is of continued concern to the provincial government, and further efforts to reduce unnecessary expenditures and improve efficiency and productivity will be sought in the years ahead.

- b) Health: In the area of health for Albertans, \$1.2 million is provided to expand funding of operating costs of our Native alcoholism programs, as well as \$400,000 for construction of the Bonnyville Indian-Metis Rehabilitation Centre.

Over \$500,000 is provided to fund 20 school lunch programs in northern communities.

- c) Education: In addition to the improvements in education financing previously outlined, the 1975 Budget provides:

\$14 million, an increase of 58 per cent, for further development of our Early Childhood Education Program;

\$5.6 million, an increase of 15 per cent under the Educational Opportunity Fund to upgrade the quality of education in grades 1 to 6, and extend programming for environmentally disadvantaged pupils in grades 1 to 12;

\$11 million for a new program to move towards equalization of supplementary school requisition revenues.

- d) Public Assistance: Mr. Speaker, in the area of public assistance, \$4 million is provided to commence implementation of the government's position paper on public assistance. The measures provided include a \$1 million expansion of day care programs, increased public assistance earnings exemptions and asset limits, and programs to assist citizens on public assistance to find and retain employment.

3. Recreational and Cultural Development

This budget provides a total of \$65 million to enhance the quality of life in Alberta through improved recreational and cultural programs including:

- a) \$20 million for the first year of a 10-year program for the development of major recreational and cultural facilities throughout our province;
- b) \$10.3 million to continue development of the Capital City Park in Edmonton and the Fish Creek Park in Calgary;
- c) \$11 million to continue the vigorous provincial parks program outlined in our 1973 position paper;
- d) \$600,000 for initial development of a new pheasant hatchery near Brooks;
- e) \$2.6 million for Century Calgary celebrations as well as \$1.2 million for McMahon Stadium to assist Calgary in hosting the 1975 Grey Cup;
- f) \$3.3 million for the support of the 1978 Commonwealth Games in Edmonton,
- g) An increase of \$677,000 in funding for cultural development activities of the Department of Culture, Youth and Recreation.

4. Law Enforcement, Correctional and Justice Systems

Mr. Speaker, our 1975 Budget provides for substantial improvements in Alberta's law enforcement, correctional and justice systems.

- a) Law Enforcement, and Correctional Programs: In the area of law enforcement and correctional programs, the budget for the Solicitor General's Department provides:

an additional \$2.6 million for improved policing services, including provision for an additional 62 constables under our agreement with the RCMP, to reflect the government's growing concern, Mr. Speaker, with the need to bolster law enforcement capability to the province;

\$337,000 for a new community corrections program;

\$500,000 to improve rehabilitation programs for inmates of provincial correctional institutions,

\$600,000 for the expanded operation of the Calgary Remand and Detention Centre.

- b) Justice: In the area of justice for Albertans, Mr. Speaker, the budget of the Attorney General's department provides:

an 18 per cent increase in the cost of operating the provincial court system - since September 1971, the number of provincial judges has been increased from 45 to 60 in recognition of the need for the effective administration of justice in the lower courts;

\$1 million in thrust funds to begin implementation of the recommendations of the Kirby Board of Review,

\$1 million to improve the system of registration in the land titles offices in Calgary and Edmonton.

In addition to these important improvements in social programs for Albertans, this Budget provides \$1 million to match contributions by Albertans to international aid projects.

E. STRENGTHENING ALBERTA'S ECONOMIC BASE

The 1975 Budget continues the priority which this government attaches to restructuring the Alberta economy in accordance with the Premier's industrial strategy, to ensure improved economic opportunities for all Albertans in the coming decades. The personal tax reduction, aside from its other obvious benefits, will be an important addition to economic activity in Alberta and will also tend to offset negative external economic pressures coming from other parts of Canada.

1. Diversification and Decentralization

Our economic programs are designed to manage growth to ensure the development of a stable economy which benefits Albertans throughout our province.

- a) Transportation: Development of a province-wide transportation system is essential to our efforts to diversify and decentralize the Alberta economy. This Budget provides:

[\$26] million for development of Alberta growth roads, an increase of 26 per cent over the 1974 forecast and a 56 per cent increase over last year's budget;

\$1.4 million for development of northern, community and industrial airports,

a total of \$62 million to assist municipal governments in meeting local transportation needs.

- b) Improving Regional Services: The 1975 Budget continues this government's commitment to improving the capacity of our non-metropolitan centres for future economic development through provision of:

\$11.5 million for the Rural Gas Expansion Program to provide natural gas service to 10,000 Alberta households in addition to the 14,000 rural households serviced to date;

\$3.5 million for new capital projects to develop improved municipal water supplies, as well as \$2 million in the operating budget to reflect the acceleration of municipal water supply programs;

\$175,000 for electrification of isolated communities in Alberta,

\$15.7 million, a 44 per cent increase over the 1974 budget, for development of government service centres throughout the province.

- c) Encouragement of Alberta Business and Industry: In addition, Mr. Speaker, to the important measures planned in the area of tax incentives which I recently presented to this Assembly, this Budget provides:

\$22 million for additional funding of the Alberta Opportunity Company;

\$1.5 million for interim assistance to the Alberta lumber industry;

\$9.1 million for marketing development programs in the departments of Agriculture, and Industry and Commerce,

\$2.5 million for a guaranteed loan program for Alberta publishers, as well as \$50,000 for direct grants to enhance the development of an Alberta publishing industry.

2. Agriculture

In the area of agriculture this Budget continues our government's recognition of the vital role played by our agricultural industry in the economic life of our province. The 1975 Budget provides:

- a) \$25 million for additional funding of the Agricultural Development Corporation;
- b) \$2.3 million for the Livestock Water Supply Program;
- c) \$450,000 for agricultural society grants,
- d) \$783,000 to stimulate thoroughbred and harness racing in Alberta.

Mr. Speaker, the various provincial programs to reduce input costs to farmers - such as the Natural Gas Rebate Plan, Alberta Property Tax Reduction Plan, farm fuel allowance, the income tax reductions - should assure that agricultural input costs for Alberta farmers are among the lowest for any commercial agricultural producers in the world.

3. Manpower

One of the important elements in realizing our future economic potential lies in ensuring that Albertans realize the employment opportunities which will be afforded by development of our economy. The 1975 budget provides:

- a) \$36 million, an increase of 15 per cent, for technical and vocational training programs;
- b) \$5.6 million, an increase of 43 per cent, for manpower development programs, including a 24 per cent increase for apprenticeship training;
- c) \$850,000, an increase of 105 per cent, to provide employment opportunities in isolated Alberta communities under the Opportunity Corps Program.

VI. 1975 FINANCIAL PLAN

Mr. Speaker, before concluding, I would like to sum up the financial position of the government in light of the measures which I have just outlined.

The Budget calls for budgetary expenditures of \$2,439 million, an increase of 17 per cent over our forecast of budgetary expenditures for the current fiscal year. After deducting \$60 million for emergency assistance to farmers and municipalities from the 1974-75 expenditures, the total increase in the operating budget is \$374 million.

Of this increase, \$303 million or 81 per cent is to be transferred to local governments, schools, hospitals, colleges and universities, or to individual Albertans, as direct payments, either to increase disposable incomes or to reduce costs. This \$303 million provides an increase of 26 per cent in these external payments in 1975-76.

Expenditures for provincially-administered programs show an increase of only \$71 million or 13 per cent. The growth in the public service will be restrained to 855 new permanent positions. This represents, Mr. Speaker, an increase of only 3.2 per cent over the forecast of 1974-75 permanent positions; a significantly slower growth rate for the public service of Alberta.

Budgetary revenues are estimated to reach \$2,490 million, an increase of 15 per cent, after allowing \$123 million for the new tax reduction measures outlined and after excluding incremental conventional crude oil royalties. I am unable to quantify the total incremental crude oil royalties which will accrue in 1975-76 due to future price increases.

As summarized, I am pleased that this Budget I am presenting tonight results in a surplus of \$51 million after combined expenditures on operating and capital account, Mr. Speaker, again excluding incremental crude oil royalties. For nonbudgetary transactions, the net cash requirement for loans and advances is estimated to be \$188 million, primarily for housing.

Due to our government's oil and natural gas policies, combined oil and natural gas returns to Albertans have increased from \$270 million in 1971-72, when we assumed office, to an amount of \$1.4 billion anticipated in the 1974-75 fiscal year - a fivefold increase since 1971-72. Mr. Speaker, this has provided many substantial tax reductions to Albertans including the \$123 million personal income tax reduction included in this Budget and still retains substantial incremental royalty revenues for Alberta's future.

According to our government's policy that a substantial part of the incremental crude oil royalties must be invested in such a way as to promote diversification of our economic base, an Alberta heritage trust fund will be established to ensure the prosperity of future generations of Albertans. I have not included the incremental crude oil royalties, Mr. Speaker, in budgetary revenues in order to make it clear that these revenues are not, and will not, be available to finance ongoing, normal budgetary expenditures. After allowing for the substantial tax reductions and new expenditure programs contained in this Budget, I estimate that \$1.5 billion will be available by December 31, 1975 for transfer to an Alberta heritage trust fund for present and future Albertans.

VII. CONCLUSION

Mr. Speaker, the highlights of our fourth Budget are reflected in these benefits for Albertans:

1. substantially reduced personal income taxation making Albertans the lowest-taxed citizens in Canada in every major individual tax area;
2. support for social and other government services equal to or better than any government in Canada;
3. partnership programs with the private sector to sustain and diversify an economy which is already the most dynamic in Canada; and, Mr. Speaker,
4. the complete reversal of the financial position of the provincial government in three and one-half short years - from a position of dwindling revenues and increasing borrowing requirements - to the strongest financial position of any provincial government in Canada, Mr. Speaker, allowing all of these benefits and an Alberta heritage trust fund for Albertans of \$1.5 billion on December 31, 1975.

Mr. Speaker, hon. members, it has been my pleasure to present our government's fourth Budget this evening.

The first Budget began new directions in priorities for the people of Alberta. The second Budget reflected our confidence in Alberta and accelerated the new directions. The third Budget commenced a new era for Alberta, based on sound resource management policies and historic opportunities. Mr. Speaker, this fourth Budget indicates the achievements of our government and presents to the people of Alberta the benefits of our policies.

[Applause]

MR. R. SPEAKER:
Mr. Speaker, I beg leave to adjourn the debate.

MR. SPEAKER:
May the hon. member adjourn the debate?

HON. MEMBERS:
Agreed.

MR. HYNDMAN:
Mr. Speaker, I move that this Assembly do now adjourn until Monday afternoon at 2:30 o'clock.

MR. SPEAKER:
Having heard the motion by the hon. Government House Leader, do you all agree?

HON. MEMBERS:
Agreed.

MR. SPEAKER:

The Assembly stands adjourned until Monday afternoon at 2:30 o'clock.

[The House rose at 9:05 p.m.]

