

PROVINCE OF ALBERTA



LEGISLATIVE ASSEMBLY

Budget Speech

OF

THE HON. A. O. AALBORG

TREASURER OF THE PROVINCE OF ALBERTA

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OF THE

Sixteenth Legislature

OF THE PROVINCE OF ALBERTA

1971

IN THE

Legislative Assembly of Alberta

ON MOVING THE HOUSE INTO COMMITTEE OF SUPPLY

ALSO STATEMENTS OF

FINANCIAL AND GENERAL INFORMATION

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1971 BUDGET SPEECH

MR. SPEAKER:

This is the seventh occasion on which I rise to propose the time honored motion that you do now leave the Chair and that this Assembly resolve itself into a Committee of Supply for the consideration of sums to be granted to her Majesty.

This is the third Budget presented by the Social Credit Government of Premier Harry Strom. It is a Budget designed to encourage increased economic productivity and to continue the pursuit of excellence in programs of education, health and social development. It is a Budget which proposes reorganization of certain departments and programs to ensure that they will be better able to offer efficient and contemporary services to meet the many and growing needs of Albertans.

For the next fiscal year, 1971-72, total expenditures are estimated at \$1,207,222,940. The sum of \$1,009,185,700 has been allocated to expenditures on income account, and the sum of \$198,037,240 to expenditures on capital account and for statutory payments. In total this Budget is \$61,210,755 or about 5% greater than the total Budget of \$1,146,012,185 for the current fiscal year.

During the next fiscal year revenue on income account is estimated at \$1,009,501,500 for an excess of \$315,800 over expenditures on income account. This excess will be used to meet in part estimated expenditures of \$198,037,240 on capital account and for statutory payments, and the balance will be met by estimated revenues of \$31,454,650 on capital account and by borrowings and withdrawals from reserves in the amount of \$166,266,790.

No new Provincial taxes or increases in the current rates of Provincial taxes are proposed, and Alberta will remain the only Province which does not levy a general retail sales tax.

In view of the continuing downward trend in interest rates which began late last year it is deemed advisable to finance a substantial portion of our capital expenditures by direct borrowing rather than further tax measures.

Mr. Speaker, may I now turn the attention of the Honourable Members to a summary of economic conditions and activities in Alberta during 1970.

ECONOMIC CONDITIONS AND ACTIVITIES DURING 1970

General

Nineteen seventy was a year of mild recession with some initial recovery for Alberta. Although unemployment at the close of the year was unusually high and some sectors were still in difficult straits there are indications that the economy can look forward to improved conditions in 1971. Within the latter months of 1970 conditions were somewhat improved for the agricultural, manufacturing and construction industries although the latter industry did not attain the level of performance realized in 1969.

Significant contradictions in the growth behaviour of some sectors of the Alberta economy were evident during the year. Most notable was the lag in agricultural income and the decline in construction activity, while on the other hand petroleum and natural gas sales rose sharply. Although the unemployment rate was higher than normal for Alberta, wages and salaries rose by 10.4%. Inflation appears to be slowing with the Edmonton-Calgary consumer price index for December being 2.2% higher than a year earlier.

Agriculture

Crop conditions in 1970 were generally good. Excellent growing conditions and good harvest weather resulted in record yields for oats, barley, rapeseed and flaxseed. Yields for wheat and most other crops grown in the province were also good although the federal government's program to alleviate the surplus of wheat, resulted in wheat acreage being cut in half. Meanwhile livestock, dairy and poultry products recorded consistently good gains as farmers continued to diversify their operations into areas other than grain growing.

Prospects for international sales of grain improved somewhat and estimates of farm cash incomes showed modest increases. However, repayments in 1970 of cash advances made on 1969 farm stored grain were a major cost item for Alberta grain farmers and total cash receipts are expected to be below the 1969 level.

Natural Resources

Alberta's petroleum and natural gas industry again proved to be the strongest element in the production sector of the economy with the value of production considerably exceeding last year's performance. The following table illustrates the productivity of this industry:

	1969		1970 Estimated	
	Production	Value \$ Million	Production	Value \$ Million
*Crude Oil—millions of bbls.	326.4	837.9	380.5	991.1
Natural Gas—trillions of cu. ft.	1.7	200.4	1.5	245.8
Propane—millions of bbls.	16.6	21.1	20.1	26.4
Butane—millions of bbls.	10.4	12.9	12.6	15.0
Sulphur—millions of long tons	3.6	58.9	3.0	27.4
		<u>1,131.2</u>		<u>1,305.7</u>

*includes pentanes plus

Exports of oil and gas to the United States increased substantially during 1970 with every indication of still greater increases in 1971 and subsequent years. Crude oil exports were 34.8 million barrels higher to a total of 203.0 million barrels, and exports of natural gas rose to 631.7 billion cubic feet from 530.8 billion cubic feet.

Footage drilled in 1970 was lower than in 1969 — 7.6 million feet. Wells drilled in the Province totalled 1,700, a decrease of 172 from the 1969 total. At the end of 1970 there were 14,020 oil wells, 2,990 producing gas wells, and 1,675 capped gas wells. Reserves at December 31, 1969 were 9.89 billion barrels of crude oil and gas liquids, 45.2 trillion cubic feet of natural gas and 165.3 million long tons of sulphur.

Twenty-one new gas processing plants went into production in 1970, bringing the total number in the Province to 136. Gathering pipe line facilities for oil and gas in Alberta were again increased during the year.

Production of coal during 1970 increased by 49.5% to a total of 6.6 million tons. Contracts with Japan, expected to run over the next 15 years, provided the large increase. Value of coal sales increased 93.3% to a total of \$26.7 million.

The value of forest production for the last fiscal year totalled \$44.6 million dollars, a level expected to be equalled this year.

Industrial Development

The following table illustrates the level of activity in selected industries in the Province in 1970 and compares this year's results with the previous year.

	(\$ 000.)		
	1969	1970 Estimated	% Change
Value of Manufacturing shipments	\$1,856,000	\$1,942,000	4.6
Construction:			
Engineering	833,565	930,697	11.6
Building	771,393	776,863	.7
Value of Building Permits	494,000	459,000	-7.1
Mineral production	1,186,648	1,371,500	15.6
Farm Cash Receipts	732,000	702,000	-4.1

The value of manufacturing shipments again showed an increase over 1969 performance. Food and beverage industry recorded substantial dollar gains and accounted for most of the expected \$86 million increase in value of shipments.

Engineering construction, the biggest component of the value of construction work performed was expected to exceed 1969 performance by \$100 million. Building construction on the other hand did not achieve a level equal to 1969.

To date the value of building permits shows a decline of \$35 million for the province from a year ago. The main reason for the slowdown was the reduction in the availability of mortgage funds. Improvement in the availability and cost of funds in recent months may be expected to result in an improvement in this sector. When availability of funds is no longer a concern the construction industry may well find itself operating at capacity. Lack of construction activity was a major contributor to labor unemployment in Alberta in 1970.

Mineral production, bolstered by increased petroleum and natural gas sales and by export sales of coal, contributed largely to the higher industrial production level achieved in 1970.

Outlook

It appears that the agricultural and construction industries may be expected to bear the brunt of slow economic conditions well into the new year.

The outlook for retail trade seems promising and consumers are expected to renew spending in the coming year. The impact of this should soon improve wholesale trade and have a buoyant effect on the general economy.

Prospects for petroleum and natural gas industries in 1971 are excellent. A combination of increased well-head prices and higher export quotas to the U.S. should provide gains in this industry equal to or better than those achieved in 1970.

1971 will bring a gradual recovery of the provincial economy to a period of sustained growth and near full employment.

Alberta Resources Railway

The Alberta Resources Railway commenced operations in early 1970, and approximately three-quarters of a million tons of coking coal were shipped over the line during the year. It is fully expected that this amount will soon be increased to an annual rate of 2,000,000 tons to meet the present contract between McIntyre Porcupine Mines and their Japanese customers.

In addition construction of a very substantial pulp mill will soon be commenced in the Grande Prairie area.

With these industries in operation there can be little doubt that important secondary industries will follow and our western region will become a very important sector of our provincial economy.

Treasury Branches

During 1970, the Treasury Branches further strengthened their position and continued to play an expanding role in providing a wide range of financial services to farmers, businessmen, industry, and a very large number of individual depositors and borrowers throughout Alberta. Deposits increased by 39 million dollars to a total of 243 million dollars, with the number of depositors growing from 137 thousand to 144 thousand. The number of borrowers increased by 3% to a total of 13.3 thousand with 115.9 million dollars on loan at the end of the year.

There are 72 Branches and 78 Agencies in operation in the Province, with additional areas being continually studied for possible new economic outlets for service. In 1970, Treasury Branches opened three offices and one office was closed.

The following statement shows in summary the results of the financial operations of the Treasury Branches for the last two fiscal years:

	Fiscal years ended March 31	
	1969	1970
Total revenue	\$ 13,631,639	\$ 16,332,598
Total expenditure	10,594,462	12,863,365
Less: Transferred to reserve	\$ 3,037,177	\$ 3,469,233
	2,037,177	2,469,233
Net revenue credited to the General Reserve Fund of the Province	\$ 1,000,000	\$ 1,000,000
Reserve Fund	\$ 7,061,770	\$ 9,610,740

DEPARTMENTAL REORGANIZATION

After much study the Government has developed a plan for the reorganization of public services, and legislation will be introduced to enable the creation of a new Department of the Environment; the amalgamation of the Departments of Health and Social Development; and the transfer of the functions of the Provincial Secretary's Department to other departments which can appropriately assimilate such services into their establishment. In addition authority will be requested to establish a number of commissions and authorities to perform certain very desirable activities.

The new Department of the Environment will assume responsibilities relating to pollution and water control. It will take over the functions of the present Water Resources Branch and the Division of Environmental Health Services, and will initiate research to determine the best methods of environmental control.

It is proposed to amalgamate the Departments of Health and Social Development into a new Department of Health and Social Services. Since both departments provide health and social services, it is considered feasible and desirable to combine the two into one portfolio. Since actual implementation of the amalgamation will take place later in the new fiscal year, this budget has retained Estimates for the present two Departments.

With respect to the Provincial Secretary's Department the functions have been transferred to other departments and are so indicated in the Provincial Secretary's Department in the Estimates. The most important feature of this change is the transfer of recreational and cultural activities to the Department of Youth, which will be re-named the Department of Culture, Youth and Recreation.

Legislation will be introduced to establish the Alberta Hospitals Commission which will assume the duties of supervising hospitals and similar institutions, and distributing Provincial grants to the governing boards. This function is presently performed by the Hospitals Services Division in the Department of Health. Also there will be a Task Force to study Urbanization for the Future, and an Environmental Conservation Authority. Active consideration is being given to the creation of a body to administer the affairs of the Northern regions of our Province in a comprehensive manner.

SCOPE AND FUNCTIONS OF THE BUDGET

Last year I mentioned to the Honourable Members that, while for administrative convenience, the Budget is presented by Departments and appropriations, the underlying principles of Government philosophy cross Departmental lines and can be stated in four general terms; namely development of human resources, development of physical resources, general administration and financial administration.

These principles have been further developed and will become more apparent as legislation is introduced to implement the reorganized structure of Government administration in order to provide services in the manner which we consider most efficient for the benefit of our people.

1 — DEVELOPMENT OF HUMAN RESOURCES

There is no question that Human Resources are our most valuable asset. The Government will vigorously pursue its policy of improving and enhancing the quality of life for our people, and practically all Departments perform at least some service towards this objective. The Departmental functions relating to the development of Human Resources are discussed in the following sections.

Education

The total amount provided in the Budget for Education is \$426,533,600 which has been allocated as follows:

Dept. of Education—expenditure on income account	\$369,393,000
Capital grants to Universities	31,249,000
Capital grants to Colleges	10,000,000
Operation of Agricultural Colleges	2,513,800
Capital provided in Public Works Department for construction and equipment at technical and vocational institutions	13,378,000
	<u>\$426,533,600</u>

This total Education expenditure represents more than 35% of our budget on operating and capital accounts combined.

In addition it is expected that capital loans of approximately \$50,000,000 for construction of public schools will be made to school boards during the coming year from the Alberta Municipal Financing Corporation.

The Province's contribution to the operation of public schools will be increased \$19,209,000 to a total of \$217,509,000, and a further amount of \$9,771,630 has been provided for operation of community colleges.

Full-time student enrolment at our three universities is now nearly 29,000, and is expected to increase to more than 30,300 next year. The Estimates include an appropriation of \$89,500,000 in operating grants for the universities and \$31,249,000 in capital grants.

Operation of the Northern and Southern Institutes of Technology will require \$16,763,060 and an additional \$400,000 has been provided to assist students in obtaining employment.

Revenues totalling \$66,167,500 are expected from the Federal Government pursuant to our agreements with respect to the costs of post-secondary and vocational training.

Health

The Alberta Health Care Insurance Plan has now been in force for nearly two years and its operations are running quite smoothly and are proving to be of benefit to the residents of the Province. The Government's subsidization of rates for low income residents is expected to cost \$6,300,000 which has been provided for in the Budget.

Legislation will be introduced at this Session to establish the Alberta Hospitals Services Commission which will supervise the affairs of health care institutions in Alberta and distribute Government payments to the governing boards. In this Budget we have provided \$194,998,000 for the Commission to make payments to active treatment hospitals, auxiliary hospitals and nursing homes.

A wide scope of health services is available to the people of the Province. For care and treatment of mentally ill and handicapped patients we have provided a total sum of \$27,501,100 compared to \$25,950,000 last year. In addition the Public Works Department proposes to spend \$3,128,500 on various types of construction at the hospitals caring for these patients.

Planning for the amalgamation of the Departments of Health and Social Development will continue, and during the year the appropriate allocation for the responsibilities of these services will be made.

Department of The Environment

Legislation will be introduced to create a new Department of The Environment. The new department will concern itself with the very important problem of pollution in all its aspects, and the beneficial control of our water resources. It will assume the duties and personnel presently attached to the Water Resources Branch of the Department of Agriculture, the pollution branch of the Department of Health, and institute research into all matters relating to pollution incidence and its control.

Department of Social Development

As a result of the present unemployment situation, the Department expects that demands for social allowances will increase substantially. There are presently nearly 30,000 cases receiving assistance involving a total of 80,000 persons. The appropriation for Public Assistance has been increased to \$49,852,000 from \$46,028,000 voted last year. Cases involving municipal responsibility have also increased, and provincial assistance in the area has been estimated to be \$5,465,000 compared to \$3,300,000 for the current year.

The cost of child welfare is expected to increase from \$8,859,533 to \$10,342,943. With the acquisition of girls' institutions from the Attorney General's Department, a total amount of \$2,937,709 has been provided to administer our welfare homes and institutions.

Provincial Secretary's Department

It has been mentioned elsewhere in this Speech that the Government's extensive reorganization plan will result in the transfer of the responsibilities of this department to other appropriate departments. In the Estimates you will note the various transfers of responsibilities which have been made.

A modest amount remains in the Department to provide for necessary administration costs in winding up its affairs.

Executive Council

Attached to the Executive Council are a number of Authorities whose responsibilities are to study and promote projects for human betterment in the Province. The Human Resources Research Council is taking a leading role in this research, and \$700,000 has been provided to permit the Council to continue its work.

The Human Resources Development Authority is working with Federal officials to develop programs in special depressed areas. A total amount of \$8,709,560 has been included in the Estimates to assist native people to adjust to development in their areas, and to provide assistance and development in Lesser Slave Lake and other depressed regions. Agreements have not been finalized with the Federal Government in all aspects of these programs, but it is expected that much of this cost will be shareable.

The Division of Alcoholism has been transferred from the Department of Health and will now operate under the direction of the Executive Council with an appropriation of \$1,200,000.

Two new authorities — Environment Conservation Authority and Task Force on Urbanization and the Future will conduct their respective research and studies, and make reports to the Executive Council.

Department of Lands and Forests

Many Provincial Parks are being maintained for enjoyment and recreation for the people of the Province. Attesting to the popularity of these Parks, nearly 5,200,000 visitors made use of them in 1970. Further development will be undertaken and \$1,671,000 has been included in the Departments Capital estimates and in the Public Works Capital Estimates for this purpose. In addition the sum of \$2,888,930 has been provided in the Department to operate the present Parks.

Department of Municipal Affairs

The availability of adequate housing for the people of the Province continues to hold a high priority in the Government's policies. The Alberta Housing Corporation has been established to implement this policy, and with capital funds apparently somewhat more readily available at some reduction in interest charges, the Corporation has made plans for an extensive program of providing housing to people throughout the Province, with emphasis on land assembly, public housing, northern housing and accommodation for senior citizens. A feature which is being closely examined is a program of making loans to individuals for the purpose of acquiring housing.

The Corporation estimates that it may require \$21,000,000 in loans to carry out its capital programs. These funds will be obtained from Central Mortgage and Housing Corporation and advances from the Provincial Treasurer.

In addition to its capital programs, an appropriation of \$7,162,119 has been included in the Department to provide grants and subsidies with respect to public housing, interest on debt, and general administration.

Department of Culture, Youth and Recreation

Legislation will be introduced at this Session to change the name of the Department of Youth to be the Department of Culture, Youth and Recreation. Additional responsibilities will be transferred from the Provincial Secretary's Department and will include administration of Cultural Development, Jubilee Auditoriums in Edmonton and Calgary, Provincial Museum and Archives and the Glenbow Alberta Institute.

These transferred duties will nearly double the Department's vote from \$2,819,260 this year to a total of \$5,394,310 for next year.

2 — DEVELOPMENT OF PHYSICAL RESOURCES

In order to develop our human resources we must have the tools acquired through development of our physical resources. The Government recognizes its responsibility in this area and has encouraged the orderly development of our natural resources and expansion of industry through policies carried out by the Departments of Mines and Minerals, Lands and Forests, Agriculture and Industry and Tourism.

To keep pace with industrial growth; highways, bridges and public buildings are essential and the Departments of Highways and Transport, and Public Works are responsible for such construction.

The following sections elaborate somewhat on these responsibilities and indicate the funds allotted for these essential services.

Department of Agriculture

Some of the responsibilities of the Department have been transferred to other departments. Those functions relating to our water resources have been taken over by the new Department of The Environment, and ARDA and similar programs have been transferred to the Human Resources Development Authority in the Executive Council.

The remaining programs on both income and capital accounts will total \$15,662,530 and will provide increased funds for the Department's programs to assist the agricultural industry.

In addition to the appropriations of the Department of Agriculture farm families also derive substantial benefits from grants paid by the Department of Highways and Transport to rural municipalities and counties for roads and bridges, and by the Department of Education for school bus transportation. A number of other appropriations in various Departments also provide direct benefits to the farming population of the Province.

Department of Lands and Forests

Management and conservation of our forests will require appropriations totalling \$12,173,000 for next year, and a further amount of \$2,222,500 has been included for administration of our Fish and Wildlife Division.

Forest fires again proved a threat to our natural resources and nearly five million dollars were spent last year to combat this menace which destroyed 143,000 acres of forested land. Arrangements are being made with municipalities with the purpose of instituting joint effort in locating fires at an early stage.

Grazing leases on public lands continue to increase and satisfactory financial arrangements are being made with municipalities regarding leases and taxes.

Department of Industry and Tourism

The estimates for the Department of Industry and Tourism will show an increase of \$253,480 to a total of \$3,551,670. More comprehensive efforts will be made to assist industry in the Province through publicity and research.

Legislation will be introduced to establish a program of capital assistance to small industrial firms throughout the Province, with some preference given to those firms outside the large urban areas. In our statutory payments we have provided \$3,000,000 to initiate this program.

Department of Public Works

The Department will undertake a construction program amounting to \$49,255,200 designed to continue or complete those buildings under construction and to commence or complete those buildings considered to be essential to provide facilities for government services. Included is a lump sum of \$6,200,000 being Alberta's share of the Federal-Provincial Special Development Loan Program. This amount will be borrowed and used for a number of projects presently being compiled and designed to relieve unemployment in the Province.

The following table shows the program of construction planned by the Department for next year:

1. Department of Agriculture:	
Provincial Horticultural Station, Brooks	\$ 198,300
Agricultural & Vocational Colleges	753,700
Tree Nursery, Oliver	217,500
Other	147,000
2. Attorney General's Department:	
Institutions	1,732,500
Magistrates' Courts & Remand Centres	825,000
Court House, Edmonton	2,600,000
Other	351,000
3. Department of Education:	
S.A.I.T., Calgary	5,174,000
N.A.I.T., Edmonton	1,142,000
Alberta Vocational Centre, Calgary	3,330,000
Other Industrial & Training Schools	538,000
4. Department of The Environment:	
Health Services Labs	27,500
5. Executive Council:	
Alberta Research Council	162,000
Oil Core Storage Bldg., Calgary	30,000
Oil & Gas Conservation Board buildings	398,000
6. Department of Highways & Transport:	
Central Highways Testing Lab, Edmonton	65,000
Maintenance shops, garages, etc.	2,162,425
7. Department of Lands & Forests:	
Fish Hatchery & Rearing Station, Calgary	2,100,000
Forestry Training School, Hinton	425,725
Forestry & Parks Facilities	1,653,950
8. Department of Health:	
Alberta School Hospitals	2,108,000
Alberta Hospitals & Institutions	1,088,500
Alberta Health Care Insurance Commission	1,170,000
9. Department of Municipal Affairs:	
Parkland Waterline	1,000,000
10. Department of Social Development:	
Senior Citizens' Homes	720,700
Other Welfare centres & homes	1,292,600
11. Treasury Department:	
Treasury Branches	714,900
12. Department of Youth:	
Education & Development Centres	111,700
13. Department of Public Works:	
Utilities in University Area	4,750,000
Provincial Buildings	1,257,500
Designing, Landscaping, roads, etc.	4,809,700
Federal-Provincial Special Development Loans Programme	6,200,000
Total estimated construction of public buildings	\$ 49,255,200
Furnishings and equipment for all public buildings	5,548,850
Total—Department of Public Works—Capital Estimates	\$ 54,804,050

The Income Section of the Department's expenditures provides funds for the maintenance of all government buildings, and includes \$3,500,000 for payments to municipalities as grants in lieu of property taxes.

Department of Mines and Minerals

The Department which supervises the development of our petroleum, natural gas and mining activities will again require a modest increase of \$119,250 to a total vote of \$2,342,980.

Having regard to the greatly reduced interest presently indicated in our sales of leases and reservations for petroleum and natural gas, the estimated revenue from this source has been reduced from \$75,000,000 to \$41,400,000. However, firm indications for substantially increased sales of these products, particularly to the United States will greatly increase our royalties which have been estimated at \$170,000,000 compared to \$120,000,000 last year. Rentals and fees show a modest increase to \$58,000,000.

Executive Council

Two agencies which play a leading role in connection with the development of our natural resources are the Oil and Gas Conservation Board and the Research Council of Alberta. The appropriation for the former has been increased by \$383,000 to \$1,800,000, and \$3,510,947 has been allotted to the latter to continue its research and studies into matters relating to improvements in the use of our physical assets.

Department of Highways and Transport

In the capital section the usual appropriations have been included to assure the continuance of our network of modern highways. A significant appropriation has been added which will provide \$8,000,000 for the commencement of a program of construction of secondary roads which will be of great value and convenience to our municipalities.

In the income section funds have been appropriated to maintain our highways and bridges, to provide a major portion of road costs to rural municipalities, and to make grants available to cities for construction of certain transportation facilities.

Motor vehicle licences and fees are expected to yield revenue of \$27,368,000.

3 — GENERAL ADMINISTRATION

A substantial number of items in the Budget are not clearly associated with the development of human resources or the development of physical resources, but nevertheless are essential for law enforcement, public safety inspection and regulations. These functions may be grouped under the heading of general administration, and are the responsibility of the Attorney General's Department, the Department of Labor, and certain sections in Legislation and Executive Council.

Attorney General's Department

The Attorney General's Department will take over the functions of the Companies Branch, Insurance Branch and Alberta Racing Commission from the Provincial Secretary's Department. The cost of these branches together with increased amounts provided for its present services will bring the Department's estimates to a total of \$27,620,445, an increase of \$1,715,715 over the estimate for the current year.

After allowing for the cost of administering the Girls Institution being transferred to the Department of Social Development, the cost of correctional care has been estimated at \$8,958,070, a comparative increase of \$489,740. The cost of R.C.M.P. protection will increase by \$465,950 to a total of \$6,333,000, and the provision of public defence will require an additional \$97,400 to \$705,100.

Department of Labour

The Department of Labour will continue its many services to promote safety and ensure a high standard of qualifications for tradesmen. The apprenticeship training program is a notable feature of the practical educational services supervised by the Department.

In the Government reorganization several branches have been transferred to the Department of Labour. It will take over the administration of The Credit and Loan Agreements Act from the Treasury Department; The Fire Prevention Act and The Amusements Act from the Provincial Secretary's Department; and the plumbing inspection branch from the Department of Health.

Other

Certain general functions of the Government are included in the votes for Executive Council and Legislation. Payments under the Public Service and Local Authorities Pension Boards, will require \$10,430,000. Under legislation we have provided \$1,014,466 for the operation of the Provincial Auditor's office and \$2,383,125 for the Data Processing Centre which is placing an ever increasing number of Government programs on the computer.

Receipts from employers and employees under the Public Service and Local Authorities Pension Boards are estimated to total \$19,700,000 for next year.

4 — FINANCIAL ADMINISTRATION

Financial Administration is mainly the responsibility of the Treasury Department. In dealing with this subject I propose to discuss Federal-Provincial Fiscal Arrangements, the Public Debt of the Province, the Public Accounts for the fiscal year ended March 31, 1970 and some details of the estimates of the Treasury Department.

Following these sections are tables dealing with departmental estimates in total figures.

Federal-Provincial Fiscal Arrangements

Last year the Minister of Finance for Canada and the Provincial Ministers of Finance and Treasurers agreed to meet on a quarterly basis to discuss matters of concern to all governments; namely fiscal arrangements and finance. Discussions have taken place on equalization of revenues and cost-sharing programs, and the Honourable Members will recall that in my Budget Speech last year I appended a copy of the Government's position dealing chiefly with shared-cost programs and tax-sharing. Undoubtedly the most important matter now under discussion is the

Federal White Paper on Tax Reform having regard to its impact on the Canadian economy, and the division of tax collections between the Federal Government and the Provinces.

The Government has released five statements outlining its position on the White Paper. These statements are summarized as follows:

- 1 — February, 1970— General statement indicating that Alberta intended to file a brief expressing its concern on some of the proposals in the White Paper.
- 2 — June, 1970— Main brief commenting on the proposals in the White Paper.
- 3 — September, 1970— Supplementary statement commenting on suggestions by the Minister of Finance for revisions in the proposals with respect to the mining industry.
- 4 — December, 1970— The Government's reactions to the reports by the Commons and Senate Committees on the proposals.
- 5 — February, 1971— Tabulation statement showing the main proposals of the White Paper and the reactions of the Commons Committee, the Senate Committee and Alberta to each proposal.

We are having printed a consolidation of the above five statements into a single volume which I fully expect will be available in time to be tabled at this Session and also to be made available to the public.

Public Debt

A major portion of our estimated capital expenditures will have to be financed by borrowing, and the cost of this borrowing, including provision for sinking funds, has increased our debt charges by \$6,705,000 to \$12,650,000. An additional sum of \$1,902,000 will be required to redeem debt which will mature next year.

The following table shows our net direct and guaranteed debt at March 31, 1970 with a comparison to similar debt at March 31, 1969.

	<u>March 31</u>		
	<u>1970</u>	<u>1969</u>	<u>Increase or Decrease*</u>
Net direct debt	\$ 80,375,186	\$ 62,158,974	\$ 18,216,212
Net guaranteed debt:			
Alberta Municipal Financing Corporation	728,481,974	643,403,064	85,078,910
Alberta Government Telephones Commission	326,059,926	272,042,433	54,017,493
Alberta Resources Railway Corporation	75,000,000	75,000,000	—
Alberta Universities Commission	43,634,203	44,590,606	956,403*
Other guarantees	24,856,435	13,403,823	11,452,612
Total net direct and guaranteed debt	<u>\$1,278,407,724</u>	<u>\$1,110,598,900</u>	<u>\$ 167,808,824</u>

Public Accounts 1969-70

The Public Accounts of the Province for the fiscal year ended March 31, 1970 have been tabled and are available to the public. They provide detailed information on the financial operations of the Government and its agencies for the year under review.

The Public Accounts show a surplus of \$95,188,752 on income account. This amount, together with capital receipts of \$24,265,557, was applied towards total capital expenditures of \$148,353,241. The remaining deficit of \$28,898,932 was financed from our reserves and partly from borrowing.

This deficit of \$28,898,932 compares favorably to my estimated budget deficit of \$34,112,815 for the year.

Treasury Department

Despite serious unemployment conditions, personal income tax continues to show growth, although corporate profits are down. Taking these two factors into consideration, and allowing for some prospective economic growth in 1971, receipts from The Alberta Income Tax Act are estimated to increase by nearly \$20,000,000 to a total of \$242,000,000.

We have estimated a yield of \$23,899,500 in interest from our reserves, and profits from the Alberta Liquor Control Board are expected to increase by \$4,325,000 to a total of \$61,000,000, while tobacco taxes should increase from \$11,000,000 to \$12,000,000.

With the transfer of taxation offices from the Provincial Secretary's Department to the Treasury, revenue of \$80,500,000 is estimated under The Fuel Oil Tax Act and an additional \$7,300,000 in Pari-Mutuel taxes and taxes under The Insurance Corporations Tax Act. Administration of these taxation offices will also become the responsibility of the Treasury Department.

Income tax rebates to utility companies for the benefit of their consumers will require an appropriation of \$9,750,000, and a further amount of \$8,000,000 has been provided to refund Alberta's share of Federal estate taxes to estates of deceased Alberta residents.

Legislation will be introduced with respect to placing a ceiling on grants to municipalities under The Municipal Assistance Act, and \$38,000,000 has been included in the Estimates of the Department to reflect this legislation.

Homeowners tax discounts are expected to cost an additional \$2,495,000 to a total of \$16,324,000.

In addition to the estimates to be voted by The Appropriation Act, certain funds will be spent under their authorizing statutes. These are expected to total \$24,500,000 including \$10,000,000 in advances under The Alberta Housing Act; \$10,000,000 in loans to municipalities for the acquisition of land for road development as provided in The Municipal Land Loans Act; and \$3,000,000 to initiate a program of industrial incentives.

In accordance with the intentions set out in the amending legislation to The Treasury Branches Act last year, the administration of the Treasury Branches is now the responsibility of the Superintendent and his staff, and the receipts and payments are not now required to be in our Budget. The operations are still subject to an annual audit by the Provincial Auditor, and statements of accounts will appear in the Public Accounts.

Estimates — Fiscal Year Ending March 31, 1972

Copies of the Estimates of Revenue and Expenditure for the fiscal year ending March 31, 1972 have been tabled and distributed to the Honourable Members.

The Estimates are summarized as follows:

Income Account:	
Revenue	\$1,009,501,500
Expenditure	1,009,185,700
Excess of revenue over expenditure on income account	\$ 315,800
Capital Account:	
Expenditure including statutory payments	\$ 198,037,240
Revenue	31,454,650
Excess of capital expenditure over capital revenue	\$ 166,582,590
Deduct excess income account revenue contributed to capital expenditure	315,800
Net capital expenditure to be financed from borrowings and reserves	\$ 166,266,790

The following tables show our estimated revenue and expenditure by Departments with a comparison to the amounts estimated last year.

ESTIMATED REVENUE — INCOME ACCOUNT

Department	Estimates 1971-72	Estimates 1970-71	Increase Decrease*
Agriculture	\$ 3,990,265	\$ 5,465,050	\$ 1,474,785*
Attorney General	10,325,700	8,774,250	1,551,450
Education	68,662,180	64,622,560	4,039,620
Executive Council	22,682,900	18,953,105	3,729,795
Highways and Transport	28,506,500	27,751,550	754,950
Industry & Tourism	688,650	482,000	206,650
Labour	1,770,050	1,417,000	353,050
Lands and Forests	10,370,530	11,415,750	1,045,220*
Legislation	1,162,000	1,115,000	47,000
Mines & Minerals	276,653,500	258,323,500	18,330,000
Municipal Affairs	1,708,915	2,319,701	610,786*
Provincial Secretary	—	86,836,250	86,836,250*
Health	89,160,820	83,858,630	5,302,190
Social Development	39,886,090	35,029,375	4,856,715
Public Works	3,428,220	3,025,260	402,960
Treasury	449,342,100	344,900,700	104,441,400
Culture, Youth & Recreation	556,030	125,110	430,920
The Environment	607,050	—	607,050
	<u>\$1,009,501,500</u>	<u>\$ 954,414,791</u>	<u>\$ 55,086,709</u>

In addition to the foregoing statement of departmental revenue, I think it would be of interest to show the main sources from which the revenue is obtained and to compare those revenues with last year's figures.

Source of Revenue	Estimates 1971-72	Estimates 1970-71	Increase Decrease*
The Alberta Income Tax Act	\$ 242,000,000	\$ 222,500,000	\$ 19,500,000
Fiscal arrangements & subsidies	19,008,000	18,808,000	200,000
Fuel Oil Tax and Auto Licences	107,868,000	105,612,800	2,255,200
Alberta Liquor Control Act	61,000,000	56,675,000	4,325,000
Natural Resources	286,770,030	269,430,500	17,339,530
Government of Canada	195,806,610	177,743,870	18,062,740
All other sources	97,048,860	103,644,621	6,595,761*
	<u>\$1,009,501,500</u>	<u>\$ 954,414,791</u>	<u>\$ 55,086,709</u>

ESTIMATED CAPITAL RECEIPTS

Department	Estimates 1971-72	Estimates 1970-71	Increase Decrease*
Agriculture	\$ 634,000	\$ 840,250	\$ 206,250*
Executive Council	2,105,500	—	2,105,500
Highways and Transport	523,000	1,273,000	750,000*
Lands and Forests	1,761,000	2,376,510	615,510*
Municipal Affairs	36,550	26,329,225	26,292,675*
Health	1,736,000	—	1,736,000
Public Works	2,753,000	4,373,000	1,620,000*
Treasury	21,305,600	43,561,400	22,255,800*
The Environment	600,000	—	600,000
	<u>\$ 31,454,650</u>	<u>\$ 78,753,385</u>	<u>\$ 47,298,735*</u>

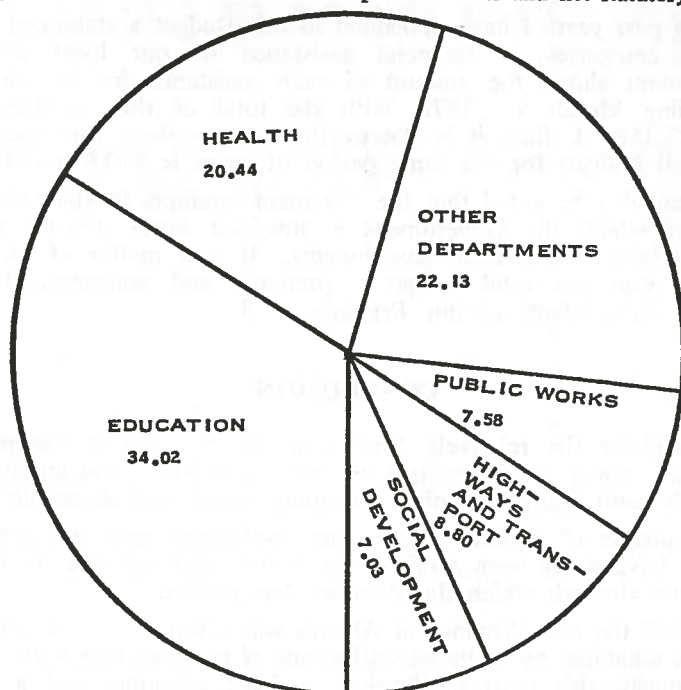
ESTIMATED EXPENDITURE — INCOME ACCOUNT

Department	Estimates 1971-72	Estimates 1970-71	Increase Decrease*
Agriculture	\$ 14,222,910	\$ 16,625,590	\$ 2,402,680*
Attorney General	27,620,445	25,904,730	1,715,715
Education	369,393,000	333,029,206	36,363,794
Executive Council	25,421,634	17,341,290	8,080,344
Highways and Transport	51,212,210	50,810,360	401,850
Industry and Tourism	3,551,670	3,298,190	253,480
Labour	4,865,610	4,103,100	762,510
Lands and Forests	20,283,720	18,418,290	1,865,430
Legislation	4,408,853	4,080,017	328,836
Mines and Minerals	2,342,980	2,223,730	119,250
Municipal Affairs	12,673,069	11,845,811	827,258
Provincial Secretary	50,000	3,837,850	3,787,850*
Public Debt	14,819,785	8,297,930	6,521,855
Health	239,691,950	223,125,900	16,566,050
Social Development	84,830,704	75,126,560	9,704,144
Public Works	36,771,770	33,486,880	3,284,890
Treasury	87,489,360	95,938,200	8,448,840*
Culture, Youth and Recreation	5,394,310	2,819,260	2,575,050
The Environment	4,141,720	—	4,141,720
	<u>\$1,009,185,700</u>	<u>\$ 930,312,894</u>	<u>\$ 78,872,806</u>

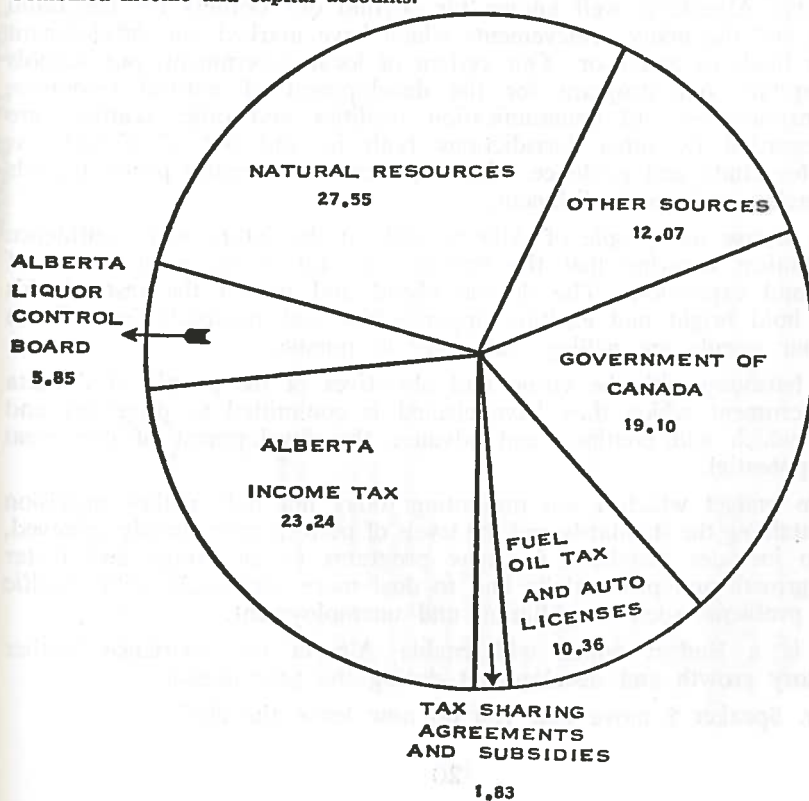
ESTIMATED CAPITAL EXPENDITURE

Department	Estimates 1971-72	Estimates 1970-71	Increase Decrease*
Agriculture	\$ 1,439,620	\$ 5,125,640	\$ 3,686,020*
Education	41,249,000	54,000,000	12,751,000*
Executive Council	4,202,000	1,000,000	3,202,000
Highways and Transport	55,117,300	47,031,320	8,085,980
Lands and Forests	2,280,670	1,834,980	445,690
Legislation	53,000	—	53,000
Municipal Affairs	—	39,497,725	39,497,725*
Health	7,000,000	1,750,000	5,250,000
Public Works	54,804,050	51,739,626	3,064,424
Treasury	1,515,000	1,220,000	295,000
The Environment	5,876,600	—	5,876,600
	<u>\$ 173,537,240</u>	<u>\$ 203,199,291</u>	<u>\$ 29,662,051*</u>

Percentage of estimated expenditure by major departments for the fiscal year ending March 31, 1972 — Combined income and capital accounts and net statutory payments.



Percentage of estimated revenue by source for the fiscal year ending March 31, 1972 — Combined income and capital accounts.



FISCAL ASSISTANCE TO MUNICIPALITIES

As in past years I have appended to this Budget a statement showing the main categories of financial assistance to our local authorities. The statement shows the amount of such assistance for the twenty-two years ending March 31, 1972, with the total of this assistance being \$3,532,483,358. I think it is noteworthy to also show that the total of our over-all budgets for the same period of years is \$10,079,194,155.

It may also be noted that the statement attempts to show only those services in which the Government is involved fairly directly with the financial affairs of our local governments. It is a matter of record that year after year our total budget is prepared and appropriated for the benefit of all residents of our Province.

CONCLUSION

Throughout the relatively brief span of our history the people of Alberta have always shown remarkable energy, initiative and ability to cope successfully with many and often sweeping social and economic changes.

The people of Alberta have always welcomed new and constructive ideas and have never been afraid to meet the challenge and the condition of the times through which the Province has passed.

In 1905 the new Province of Alberta was a remote little-known region of Canada inhabited by scattered settlements of pioneers that were struggling against considerable odds to develop a viable economy and a free and secure way of life.

Today Alberta is well known far beyond our borders for the rapid progress and the many achievements which have marked our development in many fields of endeavor. Our system of local government, our schools and hospitals, our program for the development of natural resources, our transportation and communication facilities and other features are often regarded by other jurisdictions both in and out of Canada as models for study and guidance. Albertans can claim many proud records of leadership and accomplishment.

As always the people of Alberta look to the future with confidence and optimism knowing that the Province is still in the early stages of growth and expansion. The decade ahead and indeed the rest of this century hold bright and exciting opportunities and prospects for Alberta which our people are willing and eager to pursue.

In harmony with the vision and objectives of the people of Alberta the Government which they have elected is committed to programs and policies which will continue and advance the development of our great human potential.

The budget which I am presenting today not only makes provision for maintaining the standards and the levels of performance already achieved, but also includes provision for new programs to encourage and foster further growth and productivity and to deal more adequately with specific current problems such as pollution and unemployment.

It is a Budget which will enable Alberta to experience further satisfactory growth and development during the year ahead.

Mr. Speaker I move that you do now leave the chair.

MARCH 31, 1951 TO MARCH 31, 1972

DIRECT FINANCIAL ASSISTANCE

	Total 19 Years April 1/50 to March 31/69	Actual 1969-70	1970-71 Revised Estimated	1971-72 Estimated	Total 22 Years
1. Education:					
Operational Grants to Schools	\$ 937,008,299	\$ 158,200,000	\$ 198,300,000	\$ 217,759,000	\$1,511,265,299
Construction Grants to Schools	93,007,700	—	—	—	93,007,700
Construction Grants to Technical Schools (net)	37,596,928	—	—	—	37,596,928
Grants to Teachers' Retirement Fund	10,124,722	2,372,497	2,425,000	4,760,000	19,682,219
Employer's contribution to Canada Pension Plan re: School Boards	4,513,624	1,617,358	2,113,500	2,165,850	10,410,332
Grants in lieu of Free Readers	—	1,122,217	468,000	456,210	2,046,427
2. Health:					
Hospital Construction Grants	21,593,535	1,187,013	—	—	22,780,548
Health Service Grants	10,766,801	1,482,435	2,426,100	3,010,350	17,685,686
3. Highways and Transport:					
Grants for roads, bridges and other structures	273,859,990	30,584,020	31,000,000	30,752,000	366,169,010
4. Treasury:					
Grants in lieu of taxes	13,448,580	3,043,768	3,250,000	3,500,000	23,242,348
Municipal Assistance Grants	258,524,217	38,773,845	37,739,595	38,000,000	368,037,657
Grants for Police Stations	1,368,722	250,000	210,000	260,000	2,088,722
5. Attorney General's:					
Remission of fines collected under The Alberta Liquor Act	3,048,193	—	—	—	3,048,193
6. Social Development:					
Indigent Relief	38,476,286	3,767,648	5,600,000	7,865,000	55,708,934
7. Lands and Forests:					
Refunds of cultivation and grazing leases	8,123,927	715,007	134,377	86,000	9,059,311
8. Provincial Secretary:					
Recreation Grants	4,037,332	—	—	—	4,037,332
Centennial Grants	1,989,898	—	—	—	1,989,898
9. Municipal Affairs:					
Alberta Housing Act	—	—	480,000	—	480,000
Winter Works Incentive Program	11,961,120	—	—	—	11,961,120
10. Youth:					
Recreation Grants	1,088,197	1,076,818	1,114,200	925,100	4,204,315
TOTAL: Direct Financial Assistance	\$1,730,536,071	\$ 239,182,626	\$ 285,260,772	\$ 309,512,510	\$2,564,491,979
Indirect Financial Assistance:					
General hospitalization for all residents and medical services for Pensioners, Polio, Cancer, etc.	\$ 581,739,072	\$ 124,445,117	\$ 119,405,033	\$ 142,402,157	\$ 967,991,379
TOTAL: Direct and Indirect Financial Assistance	\$2,312,275,143	\$ 363,627,743	\$ 404,665,805	\$ 451,914,667	\$3,532,483,358
Assistance By Loans:					
1. Self Liquidating Projects Act	\$ 21,994,279	—	—	—	\$ 21,994,279
2. Municipal Capital Expenditure Loans Act	125,000,000	—	—	—	125,000,000
3. Municipal Land Loans Act	6,756,393	5,963,649	10,000,000	10,000,000	32,720,042
4. Other Municipal Loans	73,840,350	1,482,510	1,000,000	1,000,000	77,322,860
5. School Construction Loans	82,638,963	—	—	—	82,638,963
TOTAL: Assistance By Loans	\$ 310,229,985	\$ 7,446,159	\$ 11,000,000	\$ 11,000,000	\$ 339,676,144

ESTIMATED VALUE OF AGRICULTURAL PRODUCTION IN ALBERTA, 1969 AND 1970

	1969			1970		
	Production Bushels	Value Per Unit Dollars	Value Dollars	Production Bushels	Value Per Unit Dollars	Value Dollars
Field Crops:						
Wheat	140,000,000	1.11	155,400,000	72,000,000	1.24	89,280,000
Oats	102,000,000	0.44	44,880,000	117,000,000	0.47	54,990,000
Barley	204,000,000	0.80	122,400,000	198,000,000	0.69	136,620,000
Rye	3,500,000	0.93	3,255,000	4,750,000	0.77	3,658,000
Mixed Grain	16,000,000	0.52	8,320,000	21,000,000	0.55	11,550,000
Flaxseed	6,300,000	2.66	16,758,000	11,400,000	2.37	27,018,000
Rapeseed	11,700,000	2.11	24,687,000	29,000,000	2.18	63,220,000
Mustard Seed	1,000,000	2.00	2,000,000	974,000	1.50	1,461,000
Potatoes	7,500,000	1.56	11,700,000	9,500,000	1.80	17,100,000
	Tons			Tons		
Tame Hay	4,000,000	24.00	96,000,000	6,200,000	21.00	130,200,000
Sugar Beets	576,611	15.98	9,214,000	523,500	14.00	7,329,000
Miscellaneous Crops	—	—	14,547,000	—	—	15,000,000
Total Value of Field Crops			509,161,000			557,426,000
Livestock:						
Cattle	1,068,278	246.09	262,892,000	Number	281.74	288,784,000
Calves	109,214	145.36	15,875,000	67,000	127.40	8,536,000
Sheep and Lambs	88,799	21.57	1,915,000	75,000	27.00	2,025,000
Hogs	1,899,883	49.24	93,550,000	1,775,000	47.40	84,135,000
Total Value Livestock			374,232,000			383,480,000
Livestock:						
Dairy Products			62,295,000			64,000,000
Poultry Products			37,269,000			40,000,000
Honey and Wax			3,040,000			3,500,000
Wool			373,000			400,000
Fur Farming			2,517,000			2,800,000
Other Livestock Products			2,221,000			2,000,000
Total Value of Livestock Products			107,715,000			112,700,000

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NATURAL RESOURCES

		1969 (final)		1970 (preliminary)	
		Production	Value \$	Production	Value \$
Oil and Equivalent	Bbls.	326,397,131	837,931,091	380,486,210	991,147,913
Gas	Bbls.	18,166,678	21,103,457	20,099,918	26,431,821
Coal	Bbls.	10,419,388	12,883,145	12,585,674	14,961,107
Crude Gas	Mcf.	1,305,040,900	200,407,763	1,525,015,437	245,774,862
Crude Oil	Long Tons	2,568,281	58,862,936	3,071,544	27,434,650
TOTAL Oil, Gas and Coal Products			1,131,188,392		1,305,750,353
Iron	Tons	4,426,060	13,269,692	6,616,000	25,656,000
Steel	Tons	246,861	2,410,922	250,000	2,039,000
Aluminum	Tons	938,844	21,302,451	894,000	20,165,000
Copper	Tons	86,077	1,627,987	88,000	1,773,000
Lead and Gravel	Tons	14,903,937	10,530,148	14,000,000	10,000,000
Zinc	Tons	314,701	1,097,982	400,000	1,200,000
Products	Tons	—	4,640,275	—	3,400,000
Gold and Silver	Oz.	145	5,035	80	2,580
Timber (Crown Lands)					
Production Lumber	F.B.M.	425,835,000	—	426,000,000	—
Wild Life	No. Pelts	646,452	1,996,232	499,265	1,910,421
Commercial Fishing	Lbs.	10,968,288	1,563,000	—	—

OTHER STATISTICS

	1969 (Final)	1970 (Preliminary)
Trade	\$ 2,243,820,000	\$ 2,234,220,000
of Manufacturing Shipments	1,855,900,000	1,942,000,000
Electricity—Net Generated KW Hrs.	8,824,689,000	9,953,296,000
of Building Permits Issued	494,300,000	417,739,000
Debits	47,591,214,000	52,704,000,000
Vehicles Licensed	No. 777,891	820,190
1 or Surfaced Roads and Highways	Miles 68,159	68,718
ation—June 1	No. 1,561,000	1,600,000
School Rooms in Operation June 30	No. 15,516	16,250
to National Parks	No. 4,071,696	4,407,878