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| ***Province*** | ***Législature*** | ***Session*** | ***Type de discours*** | ***Date du discours*** | ***Locuteur*** | ***Fonction du locuteur*** | ***Parti politique*** |
| Alberta | 17e | 1re | Discours du budget | 17 mars 1972 | M. Gordon T.W. Miniely | Trésorier provincial | Association progressiste-conservatrice de l’Alberta (PC) |

**Mr. Miniely:** Mr. Speaker, I beg to move, seconded by the hon. Mr. Dickie, that Mr. Speaker do not leave the Chair, and that the Assembly do immediately resolve itself in a Committee of Supply to consider the supply to be granted to Her Majesty.

Mr. Speaker, it is my great privilege to present to the new progressive Conservative Legislature the first budget of the Government of Alberta.

It is a Budget which reflects the determination of Government to establish new directions and new priorities provision of public services to the citizens of Alberta.

It is a Budget which reflects the determination of our Government to establish a responsible fiscal climate in Alberta, and to manage public expenditures and priorities in accordance with the wishes of Albertans.

It is a budget which reflects our commitment to open government and to greater disclosure in the Estimates and the Budget of relevant information to the people of this Province on the financial affairs of their Government.

It is a Budget which reflects the priority which our Government attaches to assisting senior citizens, the handicapped, and the mentally ill. It is a Budget which reflects our determination to maintain the family farm as a basic part of the social fabric in Alberta, to provide greater employment for Albertans, and to diversify economic activity in the Province.

In order to present members of this Assembly and the public with a clear statement of the financial situation of the Province and the expenditure program of our Government, a number of important changes in the presentation of the Estimates and the Budget have been adopted.

My address to you this evening is accompanied by four Appendices which provide important background information on the subjects dealt with.

The first presents a review of the financial position of the Province over the past decade.

The second provides the Government's initial policy statement with respect to federal-provincial fiscal arrangements.

The third provides information on provincial revenues.

The fourth provides an overall summary of expenditures.

I have also adopted the practice of presenting revenue estimates in the Budget statement, rather than in the Estimates Book.

The Expenditure Estimates which have been tabled made available to the public for the first time:

1. A brief description of the purposes for which funds will be used;
2. A functional summary of each department's expenditure;
3. Data on actual expenditures in the 1970-71 fiscal year and a forecast of 1971-72 expenditures, both on a basis comparable to the 1972-73 Expenditure Estimates; and
4. Percentage comparisons of the 1972-73 Estimates with the 1971-72 1971-72 expenditure forecast.

Therefore, the information contained in the Estimates and in my Budget statement provides the members of this Assembly for the first time with a comparison of our Government's first Budget with the anticipated actual revenues and expenditures of the preceding fiscal year. In the past, members were asked to approve public expenditures on a comparison of "Estimates" to "Estimates" without any comparative data on the previous year's actual budgetary performance. These improvements have been accomplished in a very short period of time. We intend in the future to implement further improvements in budgetary and financial information provided to members of this Assembly in order to enhance the management of public funds and to improve public awareness of Government priorities.

The Estimates reflect the major shifting of expenditure priorities which our Government has undertaken since assuming office as well as further changes which will be presented to the Legislature for consideration during this session.

In order to distinguish clearly on-going operating costs of government programs from long-term capital benefits, we have divided the presentation of the Estimates into two parts: the first presenting the Income or Operating Account Expenditure request; the second presenting the Capital Account Expenditure request and a summary of anticipated statutory Advances.

Of equal importance to the changes in presentation of budget information which we have implemented, is the approach which our Government adopts toward the budget process. We regard the budget not simply as a summary of financial data, important as this aspect of the budget is, but as a vehicle for legislative and public understanding of government programs and priorities, and an important tool in the development of improved planning, priority determination, and effectiveness in the day-to-day financial management of public services. The establishment of a Committee of the Executive Council on "Finance, Priorities and Co-ordination" provides the framework for integration of financial planning with overall Government priority and policy formulation.

My department will review existing budget procedures in Provincial Government during the coming year, with a view to develop1ng new approaches to the formulation of budget policy which will maximize the effectiveness and efficiency of public expenditures. An important aspect of this review will be to assess the advisability of adopting a Planning-Programming-Budgeting System in the provincial Government. Our approach will be to develop a budgeting system which will provide real improvements in the allocation of financial resources. Three essential objectives of our review will be:

1. Maximizing public understanding of the expenditures of our Government;

2. Ensuring that provincial expenditure commitments are limited to the financial ability of the province; and

3. Developing long-term fiscal-planning procedures.

Before proceeding to the Financial Plan which I am presenting to you this evening, I would like to review briefly the current financial position of the Province and the changes which have occurred during the fiscal year ending March 31, 1972. This will establish a realistic opening position as the framework for my present Budget proposals. I have tabled the Public Accounts for the year ended March 31, 1971 which provide detailed information on the financial operations of the previous Government for the 1970-71 fiscal year.

As indicated in Table A7 of Appendix A, the Province's cash on hand at March 31, 1971, vas $143.3 billion. However, it should be noted that by September 30, 1971, the cash balance had plummeted to the very low level of $20.5 million. At December 31, 1971, cash balances had been restored to a level of $50.2 million.

I would refer Honourable Members to Appendix A which presents the details of the anticipated actual revenues and expenditures for the fiscal year ending March 31, 1972. These forecasts provide comparison of our Government's first Budget with the anticipated actual revenue and expenditure for the preceding fiscal year.

As shown in Appendix A, we are expecting income account revenues and expenditures to exceed the original estimates of the previous Government by approximately five percent. There are three basic reasons for these relatively large changes.

1. Underlying economic circumstances have improved, particularly in the last six months, increasing revenues substantially. For example, revenues from our three major tax sources, the personal and corporate income taxes and the gasoline and fuel oil tax, are expected to be about $20 million more than originally estimated.

2. Some important discretionary policy decisions were taken do ring the course of the fiscal year which resulted in increased expenditure. After assuming office in September, our Government initiated the Priority Employment Program to assist many of our citizens who were unable to find employment during the winter months. Expenditure under this new program is estimated to be $5.5 million on income account and $2.5 million on capital account.

3. The previous Government under-budgeted for some major expenditure programs. For example, expenditures on hospitalization, public assistance, and nursing homes are forecast to be about $35 million in excess of the Estimates presented to this Assembly for approval in February 1971. Similarly expenditures for the homeowner tax discount were underestimated by $8 million. Of course, approximately one-half of this increased expenditure on hospitals and public assistance is shareable by the Federal Government under the provisions of the Hospital Insurance and Diagnostic services Act and the Canada Assistance plan.

The past year has been an important one in terms of federal-provincial fiscal relations. The Federal Government's tax reform legislation was passed by parliament; a new Fiscal Arrangements Act - a unilateral Act of the parliament of Canada - for the 1972-77 period was introduced in the House of Commons in February, 1972; and the Federal Government advanced new proposals for financing health-care expenditures.

Our Government supported some aspects of the tax revisions, notably the minimal tax relief which many of our lower-income citizens will receive. However, we opposed, and continue to be concerned about, those aspects of the new tax legislation which will have a detrimental effect on individual initiative and the long-run growth and development of Alberta. The imposition of a capital gains tax and certain provisions relating to our natural resource industries are of particular concern. As tax revision basically was accomplished by the time we assumed office, we had little alternative but to accept reluctantly the undesirable aspects of the new tax provisions.

Quite apart from the implications for individuals and corporations, however, the new tax system has altered unilaterally the provincial governments' revenue raising capacity from the personal income tax field. Rather than correcting the existing inadequate sharing, the revisions to the federal income tax structure have resulted in a reduction of the provinces' share of income tax revenues. As Premier Lougheed stated at the Conference of first Ministers in November, 1971:

"The evidence seems to be clear from the Tax structure Committee Reports that the present and proposed allocation of income tax revenues by the Federal Government is not even close to matching the fiscal needs of the provinces under our present Constitutional responsibilities. The consequence of this failure is to force provincial and municipal governments into heavy borrowing and to rely far too heavily upon property and other regressive taxes to meet certain of their fiscal needs. The result - the taxpayer is not paying for government services in accordance with a reasonable ability to pay."

Thus, in terms of national priorities, our Government strives for a fundamental reform of federal-provincial tax sharing 50 that areas of constitutional responsibility of the Province are matched by an adequate share of income tax revenue.

As a final point on the new tax legislation, I will be introducing during this session amendments to the Alberta Income Tax Act in accordance with the new federal tax legislation. In addition, we will be entering into a new Tax Collection Agreement with the Federal Government in respect of the personal and corporate income taxes. We will not, however, enter into an agreement for the collection on our behalf of succession duties, and estate and gift taxes, as we have no intention of imposing these taxes on citizens of Alberta.

The Fiscal Arrangements Act provides for extension of equalization payments for the 1972-77 period. Our Government has expressed reservations concerning certain aspects of the equalization formula, particularly the inclusion of non-recurring resource revenues. The Act also extends the Post-Secondary Education fiscal Transfer until March, 1974. Also it authorizes the Federal Government to stabilize provincial government revenues at 100% of the revenues produced in the previous year from the same tax rates and tax structure, and guarantees for five years the personal and corporate income tax revenue which could have been derived by a province under the old income tax system.

The area of federal-provincial shared-cost programs is of great concern to our Government. Approximately 40% of our direct provincial budget is tied into these programs, and as our Premier outlined:

"This imposes a totally unacceptable degree of rigidity on our fiscal planning. It inhibits to a considerable extent our establishing new priorities in accordance with the mandate we recently received. It restricts our ability to determine between competing demands for provincial services".

The proliferation of shared-cost programs is direct evidence of the fiscal imbalance which presently exists between the Federal Government on the one hand, and the provincial and local governments on the other. We have called for a phasing out of these programs which would entail the assumption of full financial responsibility by the Province and additional fiscal capacity through income tax points to meet that responsibility. During 1971, the federal government proposed new arrangements to finance health care which basically could limit increases in the federal contribution to the growth of Gross National Product. Although we concur with the need to restrain the growth of health costs, we will continue to press for additional points in place of the conditional per capita grant which is the basis of the present and proposed arrangements.

I would now like to review very briefly our present economic circumstances, and to indicate our expectations for the next year.

Generally, economic conditions improved substantially during the course of 1971. For Canada as a whole, the recovery in economic activity appears to have proceeded at a very even tempo through-out the year, and preliminary estimates show a growth of 9.1% in GNP compared with 7.5 % in 1970. Overall price increases decelerated further in 1971 to a 3.4% increase, while the growth in real output amounted to 5.4% - the largest annual volume gain since 1966. Domestic demand was the major source of growth in 1971, rather than the Export sector which bolstered the economy during 1970. The major sources of growth during 1971 were a sharp acceleration in consumer expenditure especially on durable goods, housing construction and government spending.

While we have less comprehensive indicators for Alberta, those which are available point to substantial economic recovery in Alberta particularly during the last quarter of 1971. Preliminary indications are that for the full year slightly slower rates of growth were experienced in Alberta than for Canada as a whole, with the major exception being the housing construction industry. Housing starts were up 57.5% in Alberta, compared to an increase of 22.6% in Canada. Retail trade increased 8.7% in Alberta, compared to a 9.2% national increase. Labour income also grew slightly less rapidly in Alberta, increasing 9.7% compared to a national increase of 10%.

A major disappointment of 1971 was the persistence of significant unemployment levels despite substantial gains in employment, especially during the latter part of the year. Part of the problem is the rapid growth in the labour force, but in addition there may have been some hesitancy on the part of employers to expand employment, representing the usual lag in the recovery stage of the business cycle. As a result large productivity gains were experienced in the economy at large, alleviating somewhat the cost pressures of the past few years.

The short-term outlook for the Alberta economy appears reasonably favourable. The economy can be expected to expand more rapidly in 1972 than in 1971, at a rate in the range of 10% to 12%. For a detailed review of 1972 prospects for various Alberta industries. I would refer Honourable Members to Alberta Outlook 1972 which was released in December, 1971 by my colleague, the Hon. Fred Peacock.

However, despite our general optimism regarding 1972 there are three main areas of concern. First, the labour force will continue to grow rapidly, and it will required sustained rapid growth to move the economy closer to potential level of output and consequently to reduce the present levels of unemployment. Our employment picture improved substantially during the latter part of 1971, and we expect further improvement in 1972 in response to continued economic expansion and our Government's special employment policies.

Second, we are concerned about the level of price increases. Although price increases during 1971 were lower than those recorded since 1967, there has not been any substantial improvement in the underlying cost structure of the economy. These pressures were temporarily relieved in 1971 due to the sharp productivity gains, but this cannot be expected to continue as the expansion matures. Despite our concern with inflation, however, the Government is disturbed that the increase in the price of food products is not being passed on to a reasonable degree to the primary producers of the food products the farmers and ranchers of Canada.

The third broad area of concern is the international situation. Although an agreement to realign currencies has been reached, it appears that it is already on unfirm ground. More important, however, are the present trade disagreements with the United States as a result of the apparent determination of the United States to correct its balance of payments problems, and the business uncertainty which this has created in Canada.

I have concentrated my remarks on broad short-term economic developments. However, this does not mean that our Government is concerned only with shorter economic developments. We are fully cognizant of the longer-term problems and prospects for our economy, and therefore concluding my review of the economic situation I would like to mention some of these very briefly.

The Alberta economy has been built on the dual foundation of agriculture and the petroleum industry. Our agricultural sector has unfortunately experience declines in net farm income during 1969 and 1970, although there was some employment in 1971. This situation in rural Alberta requires new policies and approaches. The petroleum industry in our Province has passed through major exploration and development phases characterized by heavy investment and substantial crown lease sales. However, the industry has now matured into a production phase with the main revenue to the Province being realized in the form of royalties. The decline in oil and gas exploration has reduced one of our major economic stimulants although we expect some continued investment in production facilities in the form of pipelines and refineries. We are in the process of formulating new policies to stimulate drilling in Alberta.

The future growth of our Province will depend on our ability to guide our economy through the transition from a resource and agricultural orientation to a balanced economy of both primary industry and secondary manufacturing. The creation of new job opportunities for young Albertans during this transition period will be one of the most difficult hurdles of our administration. In this Budget we are outlining programs directed towards the diversification and decentralization of the Alberta economy. The achievement of our goals however, will also require the cooperation of the Federal Government and its regulatory bodies, particularly with respect to overcoming the current underpricing of Alberta's petroleum and natural gas exports and overcoming the inequities of existing national transportation policies.

The Budget which I am presenting tonight calls for income account expenditure of $1,145.5 million, an increase of 8.7% over the forecast income account expenditure for the 1971-72 fiscal year. For details of the 1971-72 forecast, I would refer members to Appendix A. Because certain expenditures in the Department of Highways and Transport relating to construction of capital works in municipalities are clearly of a capital nature but were included in past years as income expenditures, we have transferred $23.4 million in the 1972-73 Budget for the Department to the Capital Expenditure Program. Had the accounts been presented on the same basis followed in prior years, the increase in income account expenditures would have amounted to 10.9%. This compares with an average actual income account expenditure increase of 14.5% over the past five years.

As you can see our Government's first Budget represents the lowest rate of increase in operating expenditure for several years, and reflects the financial responsibility of this Government. I estimate that income account revenues will reach $1.146 million in 1972-73, an increase of 7.9% over that forecast for the current year. I am happy to say that this Government has achieved a small income account surplus (of $0.5rnillion) without resort to any tax increases.

I am requesting Member of this Assembly to approve a capital financing program based on capital account expenditure Estimates of $223.4 million, full details of which are included in the Capital Expenditure Estimates Book. This requirement will be met partly by capital account revenues of $23.9 million and the $0.5 million income account surplus. It will be necessary for our Government to resort to long-term borrowing in order to finance the balance of approximately $199 million.

Our financial plan for 1972-73 is summarized in the following table:

SUMMARY OF THE 1972-73 FINANCIAL PLAN

(thousands of dollars)

Income (or Operating) Account

Revenue 1, 146, 025

Expenditure 1, 145, 525

Surplus 500

Capital Account

Revenue 23,900

Expenditure

Departmental 183,774

Net Statutory 39,660

Total 223,434

Cash Requirements for Capital Purposes 199,534

Overall Budgetary Cash Requirement 199,034

This first Budget presentation of our Government directs our limited resources to the areas of highest priority in terms of the needs of the people of Alberta. Since our Government assumed office a very considerable part of our time and effort has been directed to the examination of programs inherited from the previous Government, and the assessment of these programs in terms of the priorities for which the citizens of this Province elected a Progressive Conservative Government on August 30, 1971. In addition, we have deliberately planned for a substantial budgetary cash requirement for capital expenditures in order to provide additional stimulus to our economy. As I previously indicated, our economy is recovering from the slowdown of 1970. However, the continuing creation of additional employment opportunities for Albertans is viewed by this Government as a major challenge of the 1970's.

The proposed borrowing program is feasible and financially responsible. Canadian bond market conditions during 1972 are expected to be favourable, and indications are that the domestic market will be able to meet our requirements comfortably. Our decision to undertake this borrowing program was made in light of the present debt servicing capacity of the Province relative to the magnitude of our outstanding direct funded debt. Obviously, the Province must have the ability to service the additional debt charges which the borrowing program will entail. In this respect Alberta, relative to other provinces, has at the present time a low direct debt per capita, and as a result, the existing debt service charges are relatively small as a percentage of budgetary revenues. Therefore, the Province has the capacity to service additional debt without strain. In summary, we have concluded that at this juncture a borrowing program is more desirable than the alternative of raising additional revenues through increased tax burdens on our citizens.

I would now like to refer to certain details in the Budget.

As previously indicated, we are estimating total revenues of $1,148 million on income account and $23.9 million on capital account for a total budgetary revenue estimate of $1,169.9 million. These revenue estimates for the 1972-73 fiscal year are based on the existing revenue structure, and do not contain any tax changes.

I would refer Honorable members to Appendix C where the details of the revenue estimates are presented. Permit me to review the major revenue sources.

Personal income tax revenues are estimated to reach $224 million for 1972-73, and will account for 19.5% of income account revenues.

Corporate income taxes are estimated at $73 million while the other major source of tax revenue, the gasoline and fuel oil tax, is estimated at $88.2 million.

Total estimated tax revenues of $417.2 million account for 36.4% of anticipated income account revenues. The estimated increase of 9.9% in tax revenues for 1972-73 reflects the expected growth in our tax bases. Personal incomes will continue to rise due to increases in the number employed and relatively rapid rates of increase in average earnings. Corporate taxable income recovered substantially during 1971, and further increases are expected in 1972 as economic expansion continues.

Petroleum and natural gas revenues are projected to reach $311.9 million accounting for 27.2% of income account revenues. This compares to an average of 28.8% over the last five years. Virtually all of the growth is attributable to petroleum and natural gas royalties which will top the $200 million mark for the first time in Alberta's history. The royalty estimate of $215.9 million includes recent and anticipated increases in oil and gas prices, but does not include any provision for changes in the rate structure which is presently under review.

The Government of Canada's contributions to shared-cost programs, which is the other major source of income account revenues, is expected to decrease fractionally to $228.4 million. These revenue estimates have been made in accordance with the expenditure estimates which I have tabled for the various shared-cost programs.

In summary, let me emphasize that our revenue estimates for 1972-73 are based on our existing revenue structure and sources with no tax changes.

As for the first time the estimates tabled in the House include a detailed description of our expenditure program, I do not propose to dwell on the details of departmental expenditures in my address to you this evening; however, I would like to speak briefly on the new financial thrusts which have been provided in our first Budget.

Our Government has concentrated its financial resources upon the immediate program priorities outlined in the Speech from the Throne. The major new expenditure thrusts relate to reducing financial burdens on the senior citizens of Alberta; aiding in restoring the viability of Alberta's agricultural industry; providing improved care to the mentally ill in the Province; expanding support for the physically handicapped children of Alberta; and creating increased employment opportunities for Albertans, on both a short-term and long-term basis.

For the first time in Alberta, our Government is recognizing the burden which inflationary pressures place on our Senior Citizens, and that these burdens apply to those renting accommodation, as well as those who are homeowners. In keeping with the program priorities outlined in the Throne Speech, the 1972-73 Budget provides:

1. A new program for Senior Citizens' Shelter Act. This major additional recognition of the contribution of our Senior Citizens to the present level of progress of our Province is of two parts:

(a) The first is to exempt all home owners age 65 or over from the 30 mill property tax contribution to the School Foundation Fund levy. This is a significant step forward and is concrete evidence of the Government's intention to reduce the burden of residential property tax for education purposes. Extension of this change in tax burden to other residents will be -- as has been previously announced -- the subject of the basic recommendations of the Government Task Force on Provincial-Municipal Financing. A report is anticipated prior to the 1973 Session of the Legislature. A sum of $2.5 million is provided for refunding the School Foundation Fund levy to Senior Citizen homeowners where the levy exceeds existing homeowner tax refunds.

(b) In addition, those citizens 65 years of age and over who are not homeowners but are renting private accommodation will receive as part of the Senior Citizens' Shelter Act an annual grant of $50 to help offset the indirect property tax burden on the Senior C1tizen arising from increased rental rates throughout the Province. It is anticipated that the sum of $2 million will be required for this new innovation and support of the immediate program priority for Senior Citizens.

2. $5.4 million for construction of Senior Citizen's Housing, as well all $573,000 for Senior Citizen's Homes Grants.

3. $11.9 million to provide Alberta residents aged 65 or over with premium-free coverage for medical, drug and optional health services.

In accordance with our Government's commitment to increase net farm income in Alberta, the 1972-13 Budget provides for an increase of 32% in operating expenditure of the Department of Agriculture.

This Budget includes:

1. $2.3 million to fund a new agricultural marketing thrust, an increase of 124% over expenditures for this purpose in 1971-72.
2. $3.1 million for family over 1971-72 expenditures farm development, an increase of 46% over 1971-72 expenditures.
3. $5.0 million for initial capital advances to the new Agricultural Development Fund in 1972-73. This fund will absorb the existing advances to the Farm Purchase Revolving Fund of $21 million. It is anticipated that the Fund's authorized capital will be fully utilized within three to five years.

The necessary budgetary support for the immediate program priorities in mental health reform and facilities for handicapped citizens as set forth in the Speech from the Throne is provided by substantial new funds to launch a number of critical new programs in this area.

1. $15.4 million -- an increase of 13 % -- for mental health programs including a special $1.2 million mental health program to provide concrete steps in overdue reforms in mental health treatment and prevention. In addition, the Province will be supporting a substantial program for expanded psychiatry facilities in active treatment hospitals in the Province.
2. $14 million -- an increase of 35% -- for handicapped children as well as adults together with children with learning disabilities. This includes two fresh new specific programs. The first administered by the Department of Health and Social Development provides $1 million of extra public funds to establish and operate sheltered workshops and community residences for the developmentally handicapped and a number of related projects. In addition, the new centre for care for mentally handicapped located at the former Misericordia Hospital in Edmonton is allotted in excess of $3/4 million of funds for a full year's operations. The second new program is under the jurisdiction of the Department of Education where $1 million of new funds is allotted to provide assistance to handicapped children with special educational needs and involves policies and projects in diagnostic assessment and treatment.
3. $1 million -- more than double the preceding year's expenditures -- for increased compensation for permanently disabled workmen. Included are funds to increase maximum pension benefits from $175 per month by $50 to $225 per month.

To develop improved immediate and longer term job opportunities for Alberta's citizens, the 1972-73 Budget provides:

1. $15 million for capital advances to the new Alberta Opportunity Fund in 1972-73. This fund will absorb the existing advances to the Alberta Commercial Corporation of $10.850.000 and the limited activity of the previous administration's Industrial Development Incentive Act of $160.000. Thus, in the first year, the Alberta Opportunity Fund will commence operations with over half of its total authorized capital and should grow rapidly in the next few years.
2. $5 million within the Department of Manpower and Labour Estimates for Special Employment Programs designed to reduce seasonal unemployment in the Province.
3. $978.000 for industrial development programs in the Department of Industry and Commerce, a substantial 72% increase over expenditures for this purpose in 1971-72. This amount includes $366.000 for international marketing, $156.000 for missions and marketing research, and $193.000 for transport research and development.
4. $100.000 for the Department of Manpower and Labour to develop a manpower planning capability in Alberta.

Supplemental to the foregoing major new expenditure thrusts, we are providing additional funds in the following areas:

Education

Our Government has undertaken a major re-ordering of educational priorities. Operating grants for universities have been limited to $91.1 million, and increase of only 1.8%. The priority which we place on college, technical, and vocational education programs is reflected in the provision of $43 million for these purposes in the 1972-73 Budget, an increase of 25% over 1971-72 expenditures. An additional $20 million will be contributed to the School Foundation Program for support of local school systems.

The Environment

The operating budget of the Department of Environment has been increased by 65% over current year expenditures to ensure that present and future generations in Alberta are able to enjoy a clean and healthy environment. These additional funds will provide for major improvement in environment programs as well as the establishment of an Environmental Standards and Approvals Division in the Department.

Tourism

The priority which our Government attaches to development of the tourist industry in the Province is reflected in the provision of $1.1 million for this purpose in the 1972-73 operating budget, an increase of 27%. The capital construction budget of the Department of Public Works includes provision of $274,000 for completion of fifteen Alberta Travel Information Centres at various locations in Alberta, British Columbia, Saskatchewan, and Montana.

Northern Development and Native Affairs

The 1972-73 Budget will provide new funds for research, coordination, and communication respecting all Government programs affecting citizens of Northern Alberta communities. This substantial increase illustrates the Government's recognition of the special needs to develop particular programs designed for this part of Alberta.

Major Items of Capital Expenditure

The 1572-73 capital financing program provides:

1. $63.3 million for the provincial highways program, including $11.5 million for secondary roads construction.
2. $23.4 million for municipal road programs.
3. $38.1 million for construction of provincial buildings.
4. $35.4 million for capital grants to the Universities Commission, including $2.5 million for the Three Alberta Universities Fund matching grants.
5. $7.3 million for capital grants to the Colleges Commission.
6. $5.4 million for environmental programs.
7. $50,000 for support of Alberta artists through the purchase of works of art.

Provincial-Municipal Financial Arrangements

Our Government recognizes that it is essential for local governments to have access to adequate fiscal capacity to enable them to make decisions in accordance with their own priorities.

As previously stated, we are committed to major reforms in provincial-municipal financial relations, and have established a Government Task Force to develop recommendations respecting the complex implementation of these reforms. Our capacity to fully realize this objective depends in part upon the fundamental restructuring of federal-provincial financial arrangements. We look for local government support and co-operation in our efforts in this regard.

The 1972-73 Budget removes the freeze on municipal assistance grants imposed a year ago by the previous administration, and provides for a $4 million or 10% increase in these payments in 1972- 73.

As stated above, the Budget also provides for an increase of $20 million in grants to local School Boards.

I have just proposed a Budget which is balanced on the operating side. This is a significant achievement, and it underscores our responsible approach to the financial affairs of the Province. At the same time we have been able to rearrange the priorities of the Government's expenditure program in accordance with the mandate which we received from the people of Alberta as indicated in the new thrusts just outlined.

I have proposed a capital financing program which calls for a net borrowing requirement of $199 million. Our economy is presently operating below potential, and we have a responsibility to provide additional economic stimulus in order that more employment is created for those presently unemployed and for the large number of our younger citizens who will enter our labour force during 1972 and the years ahead.

In summary, the highlights of our first Budget are:

1. No new taxes and no increases in any existing taxes for our citizens.
2. A balanced operating budget with increase in operating expenditures reduced significantly from previous years.
3. Senior citizens (65 years of age, or over) in addition to being relieved of medicare premiums, to receive an exemption from the 30 mill education property tax levy.
4. A grant of $50 to senior citizens who rent private accommodation to overcome the burden of education property tax being passed on by the landlord.
5. The Department of Agriculture to be granted a substantial 30% increase in operating expenditures and an initial capital payment of $5 million to start the Agricultural Development Fund in order to support the priorities of maintaining the family term and improv1ng the marketing of farm produce.
6. Two new special programs - each of $1 million to improve support and facilities for the handicapped children throughout Alberta - one program to be administered by the Department of Education and the other by the Department of Health and Social Development.
7. A new fund of $1.2 million to accelerate programs of mental health reform in Alberta.
8. A doubling of funds for workmen's compensation to allow disabled allowances to increase from a maximum benefit of $175 a month to $225 a month.
9. A $5 million special employment program allowance for students during the coming summer and to provide a base for next year's attack on winter unemployment.
10. An increase of $4 million, or more than 10% in municipal assistance grants.
11. Hospital care and grants to school boards, colleges, and technical and vocational schools account for $55 million, or 44% of the $124 million total increase in operating expenditures.
12. A capital financing program of $199 million to stimulate the economy of the Province, including funds for highways, bridges, hospitals, education facilities and support for the Agricultural Development Fund and the Alberta Opportunity Fund to improve and diversify our economy.