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| Alberta | 19e | 1re | Discours du budget | 8 juin 1979 | M. Louis D. Hyndman | Trésorier provincial | PC |

**Mr. Hyndman:** Four years ago, Mr. Speaker, in the spring of 1975, my colleague the Hon. Mervin Leitch presented the first of four imaginative budgets. Alberta has been well served by his thoughtful stewardship of our provincial finances and his key role in launching the unique Alberta Heritage Savings Trust Fund. I know that all members will join me in congratulating him on his record of excellence during those crucial years.

The budget I have the privilege of presenting tonight, Mr. Speaker, marks the end of the '70s and the beginning of a new decade. This government can take pride in the success of our economic and fiscal policies over the past eight years - now more than ever Alberta's economy is ready to move ahead from the solid base constructed and refined since 1971. This budget will begin Alberta's march into the '80s. It lays a foundation for meeting challenges, facing problems, and capitalizing on opportunities.

We will continue to build upon Alberta's strengths, I to improve the quality of life, to diversify our economy, to balance growth, to stimulate the creation of thousands of new and better jobs, and to seize the initiative in moving to overcome our geographic and regional disadvantages.

Ten years ago, Mr. Speaker, at the time of the spring 1969 Alberta budget, few Albertans would have dared to predict that in the 1970s:

- Alberta leadership would begin the movement west of Canada's economic centre of gravity;

- the average family income of Albertans would surge from $7,289 in 1967 to almost $21,000 in 1977;

- total net migration to Alberta would jump from about 25,000 during 1960-68 to over 177,000 during 1970-78;

- the total number of jobs created in Alberta would rise from 138,000 in the 1960-68 period to 282,500 in the 1970-78 period;

- total farm cash receipts for Alberta farmers would leap from $805 million in 1968 to over $2.3 billion in 1978;

- Alberta's gross domestic product would rise from $5.2 billion in 1967 to $25.2 billion in 1977; and

- Alberta's percentage of Canada's gross domestic product would rise from 7.7 per cent in 1967 to 11.8 per cent in 1977.

What follows, Mr. Speaker, is an up-to-date assessment of Alberta's enviable economic climate, proposals for improved programs for people, and fresh new policy approaches to meet the social and economic needs of a thriving province in the years ahead.

The strength in Alberta's economy and our solid financial position are due only in part to our God-given endowment of temporarily valuable resources.

The benefits which all citizens are obtaining daily from these resources result both from their talents and skills and from the imaginative public policies put into place over eight years: policies of resource management and development, policies which ensure that the people of Alberta, as resource owners, receive a fair return from that ownership; and, perhaps most of all, far-sighted policies involving the prudent management of the public funds flowing from these resources.

Non-renewable resource revenue over the past few years has put Alberta in a unique, though temporary, position. This revenue adds a dimension to Alberta's policy decisions not faced by other provinces, and that is the responsibility to take into account the depleting nature of the resources from which they come.

Our government is committed to spreading the benefits from these depleting resources over time, so we initiated the Alberta Heritage Savings Trust Fund three years ago. This bold approach ensured that 30 per cent of the non-renewable resource revenue would be set aside with a definite purpose: to build and sustain the quality of life for future generations.

Only 30 per cent of resource revenue goes to the Heritage Savings Trust Fund. Let us not forget that over two-thirds of the revenue from each and every barrel of oil or cubic foot of natural gas is used to Provide today's generation of Albertans with high education, health, and social services on a day 0 day basis.

Heritage Savings Trust Fund investments to date reflect a careful balancing of objectives:

- to ensure that our citizens have future services of high quality at reasonable tax rates;

- to provide a "savings trust account" for the time when oil and gas revenue declines;

- to strengthen and diversify the Alberta economy while yielding a commercial return; and

- to initiate quality of life projects of long-term social and economic benefit that would not otherwise have been possible.

Because Albertans want to know more about the Heritage Savings Trust Fund, steps to improve the communication of its key elements to citizens are being considered. The proven investment policies of the fund will be continually assessed and modified where appropriate.

We will continue, Mr. Speaker, to resist those who would squander this precious fund in the short term by throwing money at questionable pet projects, leaving our children in the years ahead to reap a sad legacy of high taxes and reduced public services. It is a fund for investment, not for expenditure. Looking to the next decade, the Heritage Savings Trust Fund provides an important source of confidence that the '80s can be as prosperous as the '70s.

During the balance of 1979 the hesitant recovery of the industrialized nations from the recession of the mid-1970s is expected to continue. Their real gross national product is expected to increase by 3.5 per cent, the same as in 1978. Japan and Germany should record strong growth in 1979, but of serious concern is the prediction that the United States' growth rate may decline to about 3 per cent.

Inflation in industrialized nations may accelerate slightly from an average of 6.75 per cent in 1978 to 7 per cent in 1979. United States' authorities now expect inflation in that country to rise to 8.5 per cent this year. Unemployment in those nations will remain a significant problem and could increase slightly in 1979.

As for Canada, real gross national product should grow by around 3.5 per cent in 1979, close to the 1978 growth rate. This growth rate is probably too slow to lower the Canadian unemployment rate significantly.

Canada's inflation rate may moderate slightly in the second half of 1979. The Consumer Price Index could rise by between 7.5 and 8 per cent in 1979 compared to close to 9 per cent in 1978. These expectations anticipate no major change in the Canadian dollar exchange rate.

Although the recent depreciation of the dollar has helped Canada's exporters, the stark reality is that if Canada is to maintain the jobs we now have and create new ones for our young people, the unemployed, and others who will be joining the labor force, Canada must continue the responsible policy of restraining cost increases. It is critical that the competitive position recently regained by Canadian industry not be lost by high wage, salary, or price increases in 1979.

The dollar's decline has created some serious difficulties with respect to the servicing of the debt account of Canada's balance of payments, increasing Canada's foreign debt charges. A large current account deficit is expected to continue in 1979. One action the federal government could take to relieve this problem would be to assist in the expansion of sales of Alberta natural gas to eastern Canadian markets to replace purchases of foreign oil. The deficit would be further reduced by significant additional exports of Alberta natural gas to the United States under appropriate conditions. Our government firmly believes that the effects of these two measures would greatly benefit the Canadian economy.

It is doubtful that the recent strength shown in Canadian exports will continue through the last half of 1979 as the United States' economy weakens. Most of the negotiations of the General Agreement on Tariffs and Trade have been concluded, but it's too early to assess their effect either on Canada or on Alberta. The main area of Canadian strength in 1979 is expected to be business investment in machinery and equipment. There are now indications that plant utilization in manufacturing is reaching high levels, labor costs are rising more slowly, and a good measure of our export competitiveness has been regained.

However, the negative effect of high domestic interest rates adds uncertainty to the outlook for investment. Since February 1978, the Bank of Canada has raised the bank rate seven times, to a record 11.25 per cent in an effort to moderate the decline of the Canadian dollar on foreign exchange markets. The western premiers, at their recent meeting in Prince George, voiced concern as to the difficulties this continuing high rate has caused for borrowers, especially young people, prospective home-buyers, and new and expanding businesses.

Alberta's overall economic performance in 1979 will remain strong and vigorous, but there may be moderation from the extraordinary growth rates of the recent past. This year should be regarded as a plateau separating the very rapid growth of the past few years and the strong anticipated growth 'of the 1980s. We are, as it were, catching our breath. This is helpful for Alberta, as it will enable us to consolidate our growth and put in place needed support services. Real growth in the Alberta gross domestic product was in the range of 6 to 7 per cent in 1978; it is expected to decelerate to the 4 to 5 per cent range in 1979 and accelerate again in the 1980s.

Inflation in Alberta should see some slowing in 1979. However, this slowdown depends crucially on restraint in wage demands. As part of its leadership responsibility, the government suggested public sector guidelines of 6 to 7.5 per cent to ensure that public-sector wage increases do not exceed those of the private sector. Most public-sector contracts for 1979 have now been signed, and the guidelines generally have been honored.

Behind the remarkable economic expansion which Alberta has experienced over the past several years has been a sustained high level of investment. In 1978, Alberta's share of all new investment in Canada was 18.4 per cent; this province's share of the Canadian population is only 8.3 per cent. Information on investment intentions in 1979 suggests that investment growth in Alberta may be slowing from just over 18 per cent in 1978 to about 11.5 per cent in 1979. This activity should surge ahead again if and when construction starts on anticipated major projects in future years. Promising investment opportunities and a stable, mature government will continue to combine with the favorable investment climate to maintain Alberta's economic buoyancy in the medium and longer term.

The increasingly deep-seated strength of the Alberta economy in recent years has been paralleled by the rapid creation of new jobs. In 1978, employment increased in Alberta by 5.4 per cent, the highest rate of provincial employment growth in the country and significantly faster than the Canadian rate of 3.4 per cent. Of the 322,000 jobs created in Canada last year, a remarkable 47,000 were in Alberta. In other words, roughly one out of every seven new jobs in the country in 1978 was created in the province of Alberta, almost double Alberta's proportionate share of the Canadian population. It is not anticipated that this rate of job I creation, however, can be sustained indefinitely.

New jobs were created in small and middle-sized businesses, in service enterprises, in the petroleum industry, manufacturing, construction, and transportation. Clearly the Alberta’s economy is developing diversity and depth on a series of fronts.

Net in-migration to Alberta remained high in 1978, with approximately 2,900 newcomers arriving each month. This trend, coupled with a significant increase in the proportion of adults entering the work force, contributed to the rapid growth of the labor force. The Alberta participation rate of working-age population, currently at 68.7 per cent, is the highest in Canada.

Even though roughly 16,000 more jobs were created in Alberta in 1978 than 1977, the average unemployment rate edged up from 4.5 per cent to 4.7 per cent in 1978. In 1979 the rate is not expected to change significantly and should remain the lowest of any province in Canada, about half the national average unemployment rate.

There was strong growth in manufacturing during 1978 in Alberta. Over the year manufacturing shipments grew by 21 per cent, compared to the 18.6 per cent growth registered at the national level. Almost all manufacturing sectors grew much more rapidly in Alberta than at the national level. Alberta may witness a slight deceleration in the growth of manufacturing shipments this year, reflecting the national trend, although this province may well achieve again the fastest growth rate in Canada.

Investment in manufacturing increased by a remarkable 34 per cent in Alberta in 1978, compared to 2.6 per cent for the country as a whole. This figure excludes the Syncrude project, which is an important example of new diversification. Over 2,500 permanent new jobs were created there.

The petrochemical outlook has improved substantially over the last six months. With improved rail, rates, ethylene derivatives can be more competitively delivered to tidewater. At the centre of our major petrochemical complex is Alberta Gas Ethylene's plant, near Red Deer. Upon completion this year, will produce ethylene both for export and for use by derivative plants at Fort Saskatchewan. Three of the scheduled four derivative plants, constructed by Dow and Diamond Shamrock, should begin production this fall.

For our crucial farming sector, 1978 was a very favorable year. The cyclical reduction in herd sizes restricted the supply of beef, and cattle producers benefited from improved prices for beef and other meat products. Agricultural cost increases have, by relative standards, been moderate. Crop results were better than expected after a very wet August-September of last fall. Wheat production was up strongly, although the grade was affected by the rain. Record rapeseed crops were achieved and grades were only slightly reduced, but barley production suffered both in yield and grade due to bad weather.

In 1978, farm cash receipts are estimated to have increased by 17.3 per cent, and realized net farm income jumped by 32.5 per cent. Further increases in both receipts and incomes are expected this year.

Total cash receipts from crops should rise by about 10 per cent this year, provided costs of production and final prices remain reasonably stable.

Cattle prices during the first quarter of 1979 reached new highs. Growth in cash receipts from all livestock and livestock products may exceed 10 per cent in 1979, unless there is heavy importation of offshore beef. The meat-packing industry is currently undergoing difficulties which could continue for two or three years.

Realized net farm income, on average for the 1977 through 1979 period, is expected to rise by over 17 per cent per year.

Exploration and development activity in Alberta during 1978 continued to expand. Geophysical crews were used to maximum capacity. There was a rapid addition of drilling rigs to the existing fleet, and rig utilization rose. At year-end 1978, oil and gas well completions were up 7.4 per cent over the same period in 1977, while the total depth of wells drilled was up 14.9 per cent. Drilling activity appears to be accelerating. Up to April 1979, cumulative depth drilled was up 20 per cent over the same period in 1978. The Alberta petroleum exploration plan, initiated in 1973, is obviously working well.

Production for 1979 is expected to advance by over 15 per cent for crude oil and equivalents, and over 4 per cent for natural gas. Conventional light and medium crude oil production will be increased to supplement the shortfall in eastern Canadian supplies resulting from the Iranian cutbacks. Production of heavy crude oil, synthetic crude oil, and pentanes plus will also increase. Expanded sales of natural gas to eastern Canadian markets will be pursued. Additional gas exports to the United States would be very important in order to generate the cash flow required to sustain activity in our basic petroleum industry. Because the Alberta/ Federal agreement on natural gas prices expires on August I, 1979, key negotiations will take place in the weeks ahead.

Alberta's forest industry continues its steady growth. Procter & Gamble have begun construction on a major new sawmill near Grande Prairie. In July, the province will proceed with public hearings to determine how major timber reserves in the Berland-Fox Creek area are to be developed.

Despite our growing diversification and self-sufficiency, Alberta's economy is still potentially fragile in terms of external factors that can affect massively the health of our economy. Many of our markets are outside Canada. Other governments can determine the demand for and price of many of our products. World currency fluctuations are unpredictable. Technological change elsewhere can affect our economy here, today. So, despite our quality standard of living, we remain in Alberta vulnerable to world forces beyond our control. We must therefore strive constantly to try to understand, predict, and counterbalance these outside trends.

In summary, Mr. Speaker, with a few exceptions, the economic outlook for Alberta in 1979 is generally positive. Real growth will probably moderate, but this trend will be temporary if required new federal policies on transportation and natural gas export are forthcoming, and if export markets are sustained and prices are realistic.

The overall level of provincial taxation is markedly lower in Alberta than in other provinces. We estimate that typical Alberta residents pay provincial taxes equal to roughly one-half the average tax burden in the rest of the country.

Today, Albertans of all ages are receiving massive benefits from the sale of our depleting assets. For example, by reason of the universal 28 per cent cut in person income tax in 1975 and the elimination of fuel oil tax last year, Albertans are benefiting from an annual tax saving of more than $300 million. Partially as a result of these reductions, taxes account for less than 25 per cent of this province's total budgetary revenue. Yet Albertans enjoy an unsurpassed level of health, education, social, and other government services.

In 1975 we introduced a personal income tax rate reduction specifically for lower income Albertans. Effective with the 1979 taxation year it will be enriched by $38 million. This measure will add significantly to the after-tax incomes of our lowest income taxpayers.

Under this initiative, those taxpayers reporting a taxable income of less than $3,620 will pay no provincial tax at all. The comparable figure last year for a taxpayer with no dependants was $2,790. Approximately 290,000 additional citizens will benefit from this progressive program. Some 260,000 low-income Albertans will no longer pay any Alberta income tax, an increase of 114,000 over last year.

Personal income tax collections from all taxpayers will be reduced in 1979-80 by 6 per cent because the tax system is indexed annually to offset the impact of inflation, and by a further 3 per cent to reflect the proposed increase in the maximum general deduction allowed for employment-related expenses from $250 to $500.

Your government is sensitive to the impact of increased rents payable by Albertans with low or fixed incomes, especially senior citizens. In February the Premier announced that the senior citizen renter assistance grant would be doubled from $250 to $500 per household, effective April 1, 1979.

Today I am pleased to announce a $3 million enrichment of the Alberta renter assistance tax credit as well. This credit, introduced in 1973, is a refundable credit for persons under 65 years and is delivered to Albertans through the personal income tax system. The program has been improved by focussing it more directly on those renters most in need. For example, a renter reporting a taxable income of $1,500 and making rental payments of $300 a month will now receive a credit of $235, compared with $155 under the old formula. Some 255,000 households are expected to apply for a credit.

The private sector is the engine of our vibrant economy, and the hard work and initiative of our thousands of entrepreneurs and risk-takers is a growing strength. The contribution of small business to the Alberta economy in terms of new jobs is clearly of key importance. To encourage our smaller businesses and to enhance even further the climate of investor confidence in Alberta, there will be a major corporate income tax reduction from 11 per cent to 5 per cent on income earned in Alberta by corporations qualifying for the federal small business deduction.

This major reduction to 5 per cent will be effective beginning with the 1979 taxation year. I estimate that some 17,000 or over one-third of Alberta's tax-paying corporations will benefit by almost $40 million, the amount by which collections will be reduced in 1979.

This measure can increase the annual cash flow of an eligible business by up to $9,000 a year. As a result, qualifying corporations will pay significantly less provincial tax in Alberta than they would in any other province. This is already true of unincorporated small businesses; our personal income tax rate of 38.5 per cent of federal basic tax is substantially lower than any other in the country.

Last year's budget eliminated the fuel oil tax on most gasoline and diesel fuel purchased in Alberta. As a further refinement of that program, I am pleased to announce that the fuel oil tax on fuel used by local service aircraft in Alberta, weighing under 34,000 kilograms, is to be eliminated effective July 1, 1979, at a cost of roughly $300,000.

The seat-mile tax currently levied against passenger bus transportation in Alberta is to be eliminated effective July I, 1979, reducing revenue by about $450,000.

After accounting for the tax changes I have enumerated, total budgetary revenue for 1979-80 is nevertheless estimated to increase by 6.5 per cent to $5,255 million from the 1978-79 forecast of $4,936 million.

All Albertans should realize that returns from our depleting resources continue to provide the major source of provincial budgetary revenue, over 50 per cent in fact. Total non-renewable resource revenue for 1979-80 is estimated to be $3,946 million; 30 per cent of that, or $1,184 million, will be allocated to the Alberta Heritage Savings Trust Fund, and the other $2,762 million will remain in the budgetary account. This represents an increase of 11.4 per cent in non-renewable resource revenue over the 1978-79 forecast of $3,542 million. The 1979-80 crude oil royalty estimate is based on the December 1978 agreement with the federal government on future oil price increases: $1 a barrel on July 1, 1979, and another $1 a barrel on January 1, 1980. No price increases for natural gas have been incorporated in the estimate.

Total tax revenue is estimated at $1,215 million or 23.1 per cent of total 1979-80 revenue. Net personal income tax revenue is expected to amount to $695 million, an increase of 5.3 per cent over the 1978-79 forecast. Bearing in mind the revenue foregone as a result of the enrichment of the selective tax rate reduction, the indexing of the personal tax system, and the proposed increase in the employment expense deduction, this net growth rate gives an indication of the prosperity of Alberta in 1979.

Net corporate income tax revenue is expected to increase to $347 million in 1979-80, up 16 per cent over the 1978-79 forecast. This rapid growth, even after taking into account the small business tax reduction, again illustrates the strength of the Alberta economy.

Payments from the government of Canada for 1979-80 are estimated to total $632 million, compared to the 1978-79 forecast of $578 million. A good part of this increase is due to special adjustment payments in respect of hospital insurance and postsecondary education.

The 1978-80 estimates of expenditure continue to reflect the basic priorities as well as the major new focuses of this government as we move into the 1980s. The budget reflects continued growth in all sectors of Alberta's economy and the resulting requirement for services for our rapidly expanding population.

Our major priorities include education at all levels, health care, agriculture, assistance to property taxpayers, senior citizens, children, renters, the handicapped, and home-buyers.

Before examining the major expenditure details, I wish to outline the budgetary spending plans for the government.

The 1979-80 estimates will total $4,584.9 million. These estimates include $4,521.2 million to be voted by the Legislative Assembly and $63.7 million in statutory expenditures. It should be noted that they exclude the one-time extraordinary expenditure for the generous municipal debt reduction program of approximately $1,045 million.

In terms of operating expenditures, the 1979-80 estimates of $3,752.7 million represent a 16 per cent increase over the comparable 1978-79 estimates of $3,234.6 million.

On the capital side, we are proposing an expenditure level of $768.5 million, an increase of 41.5 per cent over the comparable 1978-79 estimates of $543.2 million. It is appropriate to provide capital stimulus to Alberta's construction industry this year and to complete as many required provincial capital facilities as possible prior to the probable commencement of major energy and pipeline projects proposed for the early 1980s.

As to manpower, with two new project exceptions, we have provided for 898 additional permanent fulltime employees, a 3 per cent increase over the 1978-79 comparable estimates; the 1979-80 expected provincial population growth rate is 3.3 per cent. The two major projects requiring first-time staff in 1979-80 are the Edmonton Remand Centre, involving 259 completely new positions, and the Alberta environmental centre at Vegreville, requiring 69 new employees.

I'd now like to highlight some of the major program priorities for the 1979-80 fiscal year.

The 1979-80 social allowance provision of $175.2 million is an increase of $26.7 million over the comparable '78-79 forecast. This reflects our continuing commitment to help deserving social allowance recipients maintain a decent living standard.

In reaffirming our commitment to ensuring opportunities for the handicapped in our society, the budget includes $35.6 million for the new Alberta assured income for the handicapped program. This initiative will provide an assured income benefit for severely handicapped individuals aged 18 to 65.

Under the new aids to daily living program, Albertans with chronic or long-term health disorders will be provided with such aids as wheelchairs, respiratory equipment, and supplies. Included in this budget is $2.9 million for this program, which will assist approximately 10,000 physically handicapped Albertans.

Other important social program initiatives included in the budget are:

- $4.2 million to increase the support available for the successful home care program;

- $2.2 million to expand further the support for the quality day care program;

- $231,500 to improve services at Michener Centre in Red Deer for mentally retarded adults with behavioral problems;

- $675,000 of additional support to local health units for increased preventive dental services for children; and

- a further extension of the services of the Alberta Alcoholism and Drug Abuse Commission to rural areas at a cost of $200,000.

We will assist in shielding senior citizens from rent increases by doubling the senior citizen renter assistance grant from $250 to $500 per household, effective April 1 of this year. An estimated 27,000 households will be eligible for the grant in 1979, bringing the total program cost to $13.5 million.

Co-insurance rates for auxiliary hospitals and nursing homes will be maintained at 1978 levels. The Alberta health care insurance plan will continue to provide special assistance to senior citizens and low income taxpayers at a cost of $64.5 million.

I am pleased to announce that health care assurance premiums will not increase in 1979.

Alberta Hospitals and Medical Care's 1979-80 provision for operating costs within active care and auxiliary hospitals and nursing homes will be increased by$99 million, or 18.6 per cent higher than the 1978-79 estimates for these facilities.

I am especially pleased to confirm that we will propose to the Legislature in the fall that $300 million from the capital projects division of the Heritage Savings Trust Fund be provided to establish the Alberta heritage foundation for medical research. It gives Alberta the potential to be a leading centre for medical research in North America and should result, over time, in significant benefits in the form of improved health care for Albertans and other Canadians. In economic terms, it will further diversify the Alberta economy by taking a major step toward becoming the brain centre of Canada.

Support to law enforcement in Alberta remains a high priority of this government. We will provide a total of $46 million for law enforcement programs in 1979-80, an increase of over 11 per cent from the previous year. Major increases include an additional $3.5 million for services provided by the Royal Canadian Mounted Police and an additional $15 million for municipal police assistance grants.

Continued emphasis will be placed on crime prevention programs, including the highly effective neighbourhood watch, operation identification, credit card fraud, and other prevention programs. In addition, the Check Stop program, which has been very successful in past years, will be continued.

Two new correctional institutions, the Edmonton corrections centre and the St. Paul corrections centre, will open this fall. The Edmonton corrections centre, with an operating budget of $5.3 million, will house 380 individuals awaiting trial or sentencing, and will alleviate overcrowding at the Fort Saskatchewan Correctional Institution. The St. Paul corrections centre, with an operating budget of $1.9 million, will be used as a trade school for 85 young offenders.

In terms of basic education, the provincial contribution to the School Foundation Program Fund for 1979-80 of $523.5 million will provide for an 8.3 per cent increase in per pupil instructional grants. In total, direct provincial grants to schools will be $648 million, an increase of $64 million or 11 per cent over the '78-79 comparable estimates. Per capita expenditure on basic education in Alberta is higher than in any other province.

In this International Year of the Child, our government recognizes the importance of quality education as an investment in Alberta's future. This budget provides for new and expanded programs to upgrade even further the quality of basic education. Several of the following programs are particularly worthy of note:

-major increases totalling $5.2 million for declining enrolment grants, small jurisdiction grants, small school assistance grants, and supplementary requisition equalization grants: all to ensure equality of education across the province;

-an increase of $3.6 million for the education opportunity fund to continue additional programs for elementary students and to assist, for the first time, junior high students with special problems;

- an increase of $2.7 million for the addition of 104 special education teaching positions for children with special learning disabilities;

-- $3.9 million from the Alberta Heritage Savings Trust Fund for the exciting heritage learning resources project;

- $565,000 for the introduction of a new grant program for the education of children with multiple handicaps;

-- $128,000 for the improvement of audiology and speech therapy programs at the Alberta School for the Deaf;

- an increase of $180,000 for the development of a curriculum for the expansion of instruction in the Ukrainian language; and

-- an increase of $741,000 in grants to private schools to increase assistance from 55 per cent to 60 per cent of School Foundation Program Fund rates.

The high level of support for our quality postsecondary educational system will be continued in the upcoming year in recognition of the demand for new and current educational services. Operating grants to postsecondary institutions will be increased by $21.8 million from $240 million in 1978-79 to $261.8 million in 1979-80.

Grants to support further education councils will increase from $6,500 to $10,000. The summer temporary employment program will provide $4.8 million to offer employment and valuable work experience for approximately 3,400 students during the coming summer months.

We have included in this budget, effective July 1, 1979, for a period of 18 months, a 10 per cent increase in the workers' compensation benefit levels for a number of categories of Alberta workers and their dependants. The total 1979-80 funding for this program is $10 million.

With the enactment of The Special Forces Pension Act last fall, the 1979-80 pensions administration budget includes $3.6 million to provide benefits and refunds to local police forces.

Available and affordable shelter continues to be a high priority for this government. Our government's housing programs are far ahead of efforts in other Canadian provinces. This past year, Alberta, with less than 10 per cent of the population of Canada, was the location of over 20 per cent of Canada's housing starts.

The Alberta family home purchase program, now in operation, combines previous initiatives and significantly broadens the eligibility guidelines. Families with incomes between $10,000 and $21,000 will be eligible to receive subsidies of up to $239 per month toward the purchase of a home. This new approach will almost double the impact of the two programs it replaced. Nearly 10,000 ownership housing units were funded during the last four years; about 19,000 ownership units are projected for the next four years. In total, the Home Mortgage Corporation is expected to provide nearly $300 million in mortgage loans in 1979 for low- and middle-income Albertans. The financing for these loans is provided by the Alberta Heritage Savings Trust Fund.

The successful home adaptation program will be extended to rental accommodation in 1979-80. A $1,000 grant will be provided to persons living in rented accommodation who are wheelchair users or to land lords who are willing to adapt rental accommodation for eligible physically handicapped Albertans. In 1979-80 it is expected that $750,000 in grants will be provided for adaptations which are intended to be permanent. It is important to note that the success of this program depends, in large measure, on the willing ness of private landlords to adapt their apartments for use by handicapped tenants.

We are continuing to actively support all facets of our renewable agricultural resource. In recognition of the importance of irrigation to southern Alberta, $5.3 million will be spend on the irrigation program, an increase of nearly 10 per cent over last year. To improve grain handling, up to $100 million from the Albert Heritage Savings Trust Fund will be made available if required, to finance the Prince Rupert gain storage facility. Subsidies to assist in lowering the cost of transporting rapeseed will rise to $600,000 in the coming year.

Funds for the promotion of Alberta food products will be increased by 12 per cent to $8.3 million 1979-80. Existing support for some 133 small rural agricultural societies will be supplemented by grants of 50 per cent of the total cost of insurance and utilities to a maximum of $5,000 for each society.

Our government recognizes that each Alberta municipality has, through its elected policy-makers, different spending priorities. This budget reflects tm strengthening of that local autonomy.

We have provided for a 7 per cent increase in unconditional assistance grants for a total of $67 million municipalities generally in 1979-80.

Home-owners in Alberta continue to pay property taxes that are among the lowest in Canada. None the less, our government is still concerned about the increasing portion of property tax paid by each Albert that is applied to the retirement of municipal debt. Consequently, we will follow through on a finance commitment unprecedented by a province on behalf its municipalities by making available from the General Revenue Fund over $1 billion to reduce the debt municipalities and thereby assist property taxpayers within their boundaries.

The municipal debt reduction program provide $500 per capita to each municipality in Alberta to retire debt payable by local taxpayers through municipal property taxes. It is effective April 1, 1979. In addition the provincial share of municipal debt incurred under the debt shielding assistance program of Alberta Environment, for water and sanitary sewage treatment facilities, will be repaid under this program.

It is estimated that approximately $760 million in municipal debt will be retired, thereby providing a significant opportunity for municipalities to decrease or lower the rate of increase of property taxes. In addition, approximately $240 million in cash grants will be provided to municipalities whose $500 per capita allocation exceeds their total outstanding eligible debt. The program will have a significant and lasting effect in that hundreds of millions of dollars of interest expense will be eliminated in the years to come in addition to repayment of the principal amount.

The 1979-80 budget provides for the new Department of Economic Development, which will have a funding level of $19.7 million and a staff complement of 159 permanent positions. The fundamental objective of this new portfolio will be to accelerate the implementation of the economic strategy of the government: building on the strengths of our basic agriculture and energy industries, stimulating further diversification, and continuing to encourage balanced growth.

In line with this government's commitment to expand and upgrade the provincial parks system and enhance the outdoor recreation and leisure opportunities for our citizens, the budget provides an additional $3.6 million, a 24.9 per cent increase over 1978-79, for the operation of provincial parks.

Alberta's sophisticated construction industry has been a key factor in making our provincial economy the strongest in the country. Major projects such as the next oil sands project, the heavy oil project at Cold Lake, and the northern pipeline from Alaska, if they proceed, will not begin actual construction for some time yet. Therefore, to offset a possible downturn in the industry in 1979-80, we propose a large increase of 41.5 per cent in capital construction. It is prudent to get on with provincial capital projects now, while greater flexibility in terms of construction services and people is available.

The enviable situation in which Alberta finds itself today results in no small way from the foresight and pioneering of our senior citizens. While many of the programs already outlined will benefit them, I want to review additional program priorities.

The Alberta pioneers repair program, which replaces and extends the very successful senior citizen home improvement program of past years, is designed to enable needy senior citizen home-owners to remain in their own homes. Grants of up to $2,000 will be provided for home repairs and improvements over a five-year period. The increased assistance will be provided to those senior citizens most in need. This budget provides $18 million for the program in 1979-80. Those who received senior citizen home improvement grants will still be eligible for these benefits. All Albertans benefit from senior citizens remaining in their homes, but the major gain is that our pioneers can continue to live in their neighbourhoods in familiar surroundings.

The Alberta Housing Corporation will continue to provide high-quality community and senior citizen housing in 1979-80. It is estimated that $91.5 million will be provided for the construction of 1,946 senior citizen self-contained housing units, and $13.7 million for 381 units for senior citizens in lodges.

This budget also provides $815,000 to begin the senior citizen facility grant program. This new program will enable senior citizens' organizations throughout the province to receive capital grants for repairs and improvements to their many recreation facilities and drop-in centres. These pay a key role in providing a focal point for social, cultural, and recreational programs in the community for citizens of all ages. All eligible organizations can apply once a year for financial assistance of up to $3,000, if community contributions match this amount.

To ensure that Alberta hospital facilities keep pace with population growth and technological advances, our government is providing funding to local hospital and nursing home boards for the planning and construction of capital projects involving a total expenditure, when completed, of approximately $730 million. The value of proposed construction for 1979-80 alone is estimated at $203.4 million. Of this amount, $91.2 million will be funded through the Alberta Municipal Financing Corporation, $92 million will come from the Alberta Heritage Savings Trust Fund, and $16.7 million from the General Revenue Fund. In addition, the Alberta Home Mortgage Corporation will be providing loans approximating $3.5 million for the construction and renovation of voluntary, non-profit nursing homes.

For new project proposals, modernized planning and cost-control processes for the construction of hospital facilities will be formally implemented this year.

We will continue our commitment to the health care of Albertans over the long term with the 1979-80 appropriations from the Heritage Savings Trust Fund. During 1979-80, $16.4 million will be provided to finance the continuing cancer and heart disease research programs. We will seek approval for continued funding for the construction of the Southern Alberta Children's Hospital, the Alberta Health Sciences Centre, the. Southern Alberta Cancer Centre, and the Foothills Hospital Specialty Services Facility.

Facilities currently under construction or renovation include the Calgary General Hospital dietary facility; the General, Misericordia, and Royal Alexandra hospitals in Edmonton; the Grande Prairie, Fort McMurray, Medicine Hat, and Red Deer hospitals; the Lynnwood Extended Care Centre and the University of Alberta off-site facility in Edmonton; as well as rural facilities in Cold Lake, Edson, Hinton, Manning, Mundare, Rocky Mountain House, and Wabasca. A number of other hospital projects are approaching the construction phase.

A very large increase is proposed for the total capital development of universities, colleges, and provincial educational institutions. It is recommended that $99 million, an increase of 52.4 per cent over 1978-79, be earmarked for needed projects at 21 institutions.

The unique and newly created revolving land servicing fund to assist municipalities to finance major trunk line servicing costs will commence in 1979-80. It will provide up to $300 million to help finance major underground water, storm, and sanitary sewer services in Alberta municipalities. It is estimated that $50 million will be invested under this new program in 1979-80, providing trunk service capacity for about 10,000 residential lots. This program, the first of its kind in Canada, will make new homes more affordable in Alberta's growth centres by substantially increasing the supply of serviced lots. The financing of the program will be provided by the Alberta Heritage Savings Trust Fund.

A major, new, five-year resource road maintenance and improvement program will be initiated this year, with $20 million proposed for 1979-80 alone.

Among the criteria to be used in the designation of an eligible resource road will be traffic counts, anticipated highway lifespan, and the number and type of vehicles using it. This program will be of special assistance to those areas of the province where traffic is significantly higher than normal due to activity involving oil, gas, heavy oil, coal, forestry, or construction. It will not replace, but will be in addition to, the secondary road program support.

We confirm the government will introduce a program unique in Canada, the $750 million urban transportation grant program. This comprehensive initiative will improve the quality of life in our cities by reducing traffic problems and will strengthen the province's entire transportation system. These transportation facilities will effectively service and interconnect with the overall provincial highway system to the benefit of all Albertans wherever they may live.

This program recognizes the diverse needs of Alberta's cities and towns, and reflects local autonomy solutions to urban transportation problems. With it, hundreds of thousands of Albertans will be able to move more quickly and cheaply to and from work, shopping, and recreation. Transport savings and convenience for farmers, rural dwellers, and businessmen will result. The design of the six-year, 10-point program permits maximum flexibility for municipal authorities in selecting the specific transportation program mix best suited to the needs of their area.

The 1979-80 urban transportation grant expenditure of $106.5 million is almost double the comparable 197879 funding level.

Other major components of the transportation capital program for 1979-80 are as follows:

-$132.7 million for the construction and improvement of primary highways, a 24.6 per cent increase over the comparable 1978-79 estimates;

-$65 million for the construction and improvement of rural local secondary highways, a 16.7 per cent increase over last year's estimates.

- grant assistance for road and street improvements totalling $18 million; this will benefit the citizens of numerous counties, municipal districts, towns, villages, hamlets, and isolated communities; and

- doubling of the provincial allotment for the towns and villages streets assistance program to $8 million and the introduction of the $2 million streets assistance for hamlets program.

The government will introduce a new solid waste management program in 1979-80. This budget provides $2 million to encourage the creation of regional sanitary landfill operations by providing land, initial capital, and major operating equipment to municipalities.

In addition, municipalities that undertake the construction of water supply and sewage treatment facilities will be eligible to receive a grant of 90 per cent of the capital cost exceeding $200 per capita up to a maximum of $2,000 per capita for improvements to existing facilities and to $2,200 per capita for new facilities. Eighteen million dollars has been allocated to this new program.

The new Alberta environmental centre in Vegreville will open in September 1979, at a projected total capital cost of $28.6 million.

The large capital budget increase reflects substantially expanded park operations in Kananaskis Country plus new or upgraded facilities at Aspen Beach, Fish Creek, Gregoire Lake, Cypress Hills, Young's Point, Carseland/ Wyndham, Tillebrook, Hilliard's Bay, Sylvan Lake, Cold Lake, Drumheller, Vermilion, and William Switzer provincial parks.

Mr. Speaker, the accompanying table summarizes the financial plan associated with this budget and. provides similar data respecting the 1978-79 estimate and current forecast for comparison purposes.

Since forecast revenue for 1978-79 is 8.3 percent higher than originally estimated, while forecast expenditure is 1.3 per cent above the estimate, the forecast budgetary surplus of $1,053 million is $326 million more than the comparable 1978-79 estimate. Because the 1978-79 expenditure forecast does not represent final expenditure figure, I expect that the surplus might increase somewhat due to the normal existence of unexpended balances at year-end.

The 1978-79 forecast of the overall cash surplus for the General Revenue Fund is up $544 million. About 60 per cent of this amount is due to the change in budgetary surplus just described. The remaining $21 million results from a forecast change in no budgetary requirements. This change reflects large the recent shift in financing of the Alberta Opportunity Company and the Alberta Agricultural Development Corporation from the General Revenue Fund to the Heritage Savings Trust Fund.

For 1979-80, I estimate a budgetary surplus of $670 million before the non-recurring, extraordinary expenditure for the municipal debt reduction program is taken into account. After deducting the estimated $ 1,045 million cost of this program, a deficit of $375 million results for this fiscal year only. The overall cash requirement for the General Revenue Fund is estimated to be $384 million once non-budgetary requirements of $9 million are included. This requirement will be met through a decrease in cash and investments.

It is anticipated that the surplus in the General Revenue Fund at March 31, 1980, will be approximately $2 billion, after the expenditure for the municipal debt reduction program.

I further estimate that the Heritage Savings Trust Fund will receive $1,184 million from non-renewable resource revenue, and that the earnings of the Heritage Savings Trust Fund will amount to $375 million in 1979-80, for a total increase in the assets of the fund of $1.559 million. At the present time, $413 million in commitments have been made by the Heritage Savings Trust Fund for 1979-80: $230 million in capital projects division investments and $183 million in Alberta investment division investments. It is anticipated that the total assets of the Heritage Savings Trust Fund at March 31, 1980, will be approximately $6.2 billion.

The province's major agencies will continue to have substantial financing needs in the current fiscal year. In aggregate the Alberta Housing Corporation, the Alberta Home Mortgage Corporation, the Alberta Municipal Financing Corporation, and Alberta Government Telephones will require about $700 million. Sufficient internal funds will be available to meet these needs.

This budget demonstrates that even with our strong financial position. Mr. Speaker, difficult choices must be made between competing requirements for funds.

To summarize, this progressive budget:

-enriches the selective personal income tax reduction program at a cost of $38 million, benefiting approximately 290,000 additional lower income Albertans;

-assists renters most in need by increasing the Alberta renter assistance tax credit by $3 million and by doubling the Alberta senior citizen renter assistance grant to $500, thus providing a further $7 million in benefits;

- provides a total of $38.5 million for the new assured income for the handicapped, and aids to daily living programs;

- reduces the corporate tax rate on small business income from II per cent to 5 per cent, thereby boosting the annual cash flow of Alberta small businesses by over $40 million;

- makes available $750 million to our cities under the unparalleled six-year urban transportation grant program;

- proposes a new five-year program for maintenance and improvement of high-traffic resource roads in development areas, with $20 million earmarked for 1979-80;

- continues to restrain operating expenditure, allowing only slightly higher growth than is expected for the economy generally, while maintaining Alberta's lead position among provinces in the quality of services provided;

- includes many other new and expanded operating programs to provide even better services to all Albertans, particularly in the areas of health care, housing, and education, with special emphasis on programs to assist senior citizens, the handicapped, children, and home-buyers; and

- provides $768.5 million as a major capital project stimulus for the Alberta economy.

Mr. Speaker, in a measured, imaginative, and responsible way, this budget moves Alberta toward the '80s with pride in the past and the basis for confidence in the future.